

# Dissertation

---

Full Name: Antreas Christodoulou.

Student Number:1123100468.

Title of Degree: MASTER IN REAL ESTATE

Email Address: [A.christodoulou.3@nup.ac.cy](mailto:A.christodoulou.3@nup.ac.cy)

Supervisor: Dr. George Mountis

## **Title of Thesis:**

**Increasing Value of Commercial Real Estate Properties using effective  
Asset Management Strategies at Western Cyprus.**



### **Acknowledgement.**

Firstly, I would like to express my sincere gratitude to my advisor Dr. George Mounti for the continuous support of my Dissertation study and related research, for his patience, motivation, and immense knowledge. His guidance helped me in all the time of research and writing of this thesis. I could not have imagined having a better advisor and mentor for my Real Estate Master.

Last but not the least, I would like to thank my family: my parents and to my brothers and sister and friends for supporting me spiritually throughout writing this thesis and my life in general.

### **Abstract.**

Today, the effective asset management is essential for the effective organizational performance and successful business development. Commercial real estate companies and individuals should manage their assets to maintain their competitive advantage and to keep progressing. For example, if companies neglect their assets, there is a high risk of the devaluation of their assets. The decrease of their assets may lead to the overall decrease of their market values. As a result, companies face a risk of the consistent deterioration of their marketing position, if they fail to manage their assets properly and effectively.

Therefore, should pay a particular attention to the asset management. In actuality, they may use different approaches to their asset management and implement those methods, which they consider to be the most effective and profitable. In this regard, they should take into consideration their specificities, life cycle of their properties, lease strategies, rent control, rent reviews, outsourcing, marketing strategies and many other factors that may affect their assets values. Furthermore, they may even elaborate their own approaches to the asset management based their experience to the particular commercial property.

## Table of Contents

|        |                                                                 |    |
|--------|-----------------------------------------------------------------|----|
| 1.     | Introduction to Asset Management. ....                          | 6  |
| 1.1.   | Asset Management definition. ....                               | 7  |
| 1.2.   | Commercial Real Estate definition. ....                         | 8  |
| 1.3.   | Types of Commercial Real Estate Properties.....                 | 8  |
| 1.3.   | Commercial Real Estate Life Cycle.....                          | 8  |
| 1.4.   | Aims and Objectives. ....                                       | 10 |
| 1.5.   | Area of Research .....                                          | 10 |
| 2.     | Literature Review. ....                                         | 11 |
| 2.1.   | Commercial leasing strategies and types of lease.....           | 11 |
| 2.1.1. | The Gross Lease .....                                           | 13 |
| 2.1.2. | The triple net lease .....                                      | 14 |
| 2.1.3. | The modified net lease. ....                                    | 15 |
| 2.2.   | Rent Control in Commercial Properties. ....                     | 16 |
| 2.3.   | Commercial rent reviews. ....                                   | 18 |
| 2.4.   | Marketing Strategies and Services of Commercial properties..... | 20 |
| 2.5.   | Adding Value by outsourcing.....                                | 22 |
| 2.6.   | Leasing impact commercial properties valuation. ....            | 24 |
| 2.7.   | Literature Review Summary. ....                                 | 25 |
| 3.     | Research Methodology Review.....                                | 26 |
| 3.1.   | Primary Research.....                                           | 26 |
| 3.2.   | Secondary Research. ....                                        | 26 |
| 3.3.   | Research Approach.....                                          | 26 |
| 3.4.   | Quantitative approach. ....                                     | 27 |
| 3.5.   | Qualitative approach. ....                                      | 27 |
| 3.6.   | Select approach. ....                                           | 28 |
| 3.4.   | Research Options.....                                           | 28 |
| 3.5.   | Questionnaires. ....                                            | 28 |
| 3.6.   | Interviews. ....                                                | 29 |
| 3.7.   | Questionnaire Overview.....                                     | 29 |
| 3.7.1. | Questionnaire Development. ....                                 | 29 |
| 3.7.2. | Questionnaire Target Audience.....                              | 29 |
| 3.7.3. | Questionnaire Content. ....                                     | 30 |

|          |                                                         |    |
|----------|---------------------------------------------------------|----|
| 3.7.4.   | Questions Types. ....                                   | 30 |
| 3.7.4.1. | Open Questions. ....                                    | 30 |
| 3.7.4.2. | Close Questions. ....                                   | 31 |
| 3.7.5.   | Select Questions type. ....                             | 31 |
| 3.8.     | Research Methodology Summary. ....                      | 31 |
| 4.       | Data Analysis. ....                                     | 31 |
| 4.1.     | Questionnaire analysis. ....                            | 31 |
| 4.2.     | Analysis of Questionnaire: Background Questions. ....   | 32 |
| 4.3.     | Background Data of the Research. ....                   | 32 |
| 4.4.     | Main Data Analysis. ....                                | 35 |
| 5.       | Discussion of the findings. ....                        | 43 |
| 6.       | Limitations of Research. ....                           | 44 |
| 7.       | Recommendations. ....                                   | 45 |
| 8.       | Conclusion and Final Remarks. ....                      | 46 |
| 9.       | References. ....                                        | 48 |
| 9.1.     | Books: ..... <b>Error! Bookmark not defined.</b>        |    |
| 9.2.     | Journals: ..... <b>Error! Bookmark not defined.</b>     |    |
| 9.3.     | Websites: ..... <b>Error! Bookmark not defined.</b>     |    |
| 9.4.     | Bibliography: ..... <b>Error! Bookmark not defined.</b> |    |
| 10.      | Appendix. .... <b>Error! Bookmark not defined.</b>      |    |

## Table of Contents

|                                                                                         |    |
|-----------------------------------------------------------------------------------------|----|
| Figure 1: Commercial Real Estate Business participates to the research. ....            | 32 |
| Figure 2: Commercial Real Estate Property participation by type. ....                   | 33 |
| Figure 3: Type of Commercial Property by Town. ....                                     | 34 |
| Figure 4: Commercial Properties participate to the research by age. ....                | 35 |
| Figure 5: Leasing Strategies that are preferred by type. ....                           | 36 |
| Figure 6: Popularity of "Rent Control" term in commercial properties. ....              | 37 |
| Figure 7: Popularity of "Rent Control Proses in C.R.E.P ..... ..                        | 38 |
| Figure 8: Effective Marketing Strategies to implement by Commercial Property type. .... | 39 |
| Figure 9: Effectiveness of Break Clauses for each Commercial Property. ....             | 40 |
| Figure 10: Outsourcing Services by Commercial Property. ....                            | 41 |
| Figure 11: Outsourcing And Reasons To Outsourcing. ....                                 | 42 |

**List of Abbreviations**

C.A.M = Common Area Maintenance

C.R.E.P= Commercial Real Estate Properties

R.P.I = Retail Price Index

R.O.I = Return of Investment

## **Increasing Value of Commercial Real Estate Properties using effective Asset Management at Western Cyprus.**

### **1. Introduction to Asset Management.**

The importance of asset management and asset management strategies in commercial real estate industry in Europe and Cyprus has become particularly obvious, when the commercial real estate industry in Europe and Cyprus has become highly profitable and attractive for investors. At the same time, the high property of the real estate property is not the only reason for the asset management and development of effective asset management strategies (Albert, 1986). In fact, asset management and respective strategies are essential for the maintenance of commercial real estate and keeping its marketing value high. In other words, asset management and asset management strategies are essential to maintain the marketing value of the commercial real estate and to make it profitable and attractive for investors. Europe is traditionally attractive for investors due to the high level of stability and foreseeable development of the commercial real estate market. Cyprus, in its turn, attracts investors due to the high profitability, especially compared to European commercial real estate at average. Hence, the effective asset management and strategies can help to increase the market value and successful business development of the commercial real estate in Europe and Cyprus that will make them more attractive for investors throughout its commercial life cycle.

Albert (1986) estimates that asset management and asset management strategies perform a two-fold function. On the one hand, asset management contributed to the effective management of the commercial real estate. On the other hand, asset management contributes to the growth of the market value and investing attractiveness of the property. In such a situation, asset management is essential because the commercial real estate is likely to lose its market value and will be unable to perform successfully. The latter means the total failure of the commercial real estate property as a commercial project. Therefore, asset management comprises the key part of the successful business development of the commercial real estate property.

Furthermore, according to Alexander (1991), the commercial real estate property in Europe attracts investors due to the stable demand on the property and stability the local socioeconomic and political environment. This is why investors grow concerned with the effective asset management and asset management strategy because they want to maintain their profits high and they naturally want to

receive high returns on investments. In case of Europe, they can count rather on stable return on investments than high ones, but asset management can optimize the performance of the commercial real estate in Europe and increase financial benefits obtained by investors.

In this regard, Cyprus offers higher profitability to investors with a relatively stable environment, due to the growth of the financial sector and fast development of tourism. Rubin (1983) argues that the commercial real estate in Cyprus also requires the effective development of asset management and asset management strategies because they can help to increase the commercial value of the real estate property in Cyprus and maintain the further growth of the commercial real estate industry. Cyprus has become the attraction for international investors, while its commercial real estate industry can attract more foreign direct investments.

However, to reach this goal, the commercial real estate industry has to develop the effective asset management to use the full potential of the available infrastructure, transportation, natural, socioeconomic and political conditions in Cyprus. Therefore, asset management and asset management strategies are essential for the successful development of the commercial real estate industry in both Europe and Cyprus and maintenance of the stable growth of the industry.

### **1.1. Asset Management definition.**

Asset management is a systematic process of deploying, operating, maintaining, upgrading, and disposing of assets cost-effectively. The term is most commonly used in the financial world to describe people and companies that manage investments and assets on behalf of others. A commercial real estate asset Management is responsible for the following subjects:

- Staffing
- Set general policies and regulations
- Leasing and occupancy
- Rent Collection
- CAM
- Budgeting
- Lease Administration
- Insurance
- Accounting
- Ongoing tenant and landlord relationship
- Evictions
- Maintenance and Security

To enhance the above statement Scarrett (2010) said “ Asset Management is a selection of goals and planning, procurement, organization, coordination and control of the necessary resources for their achievements”.

## 1.2. Commercial Real Estate definition.

Commercial real estate is any non-residential property used for commercial profit-making purposes. With other words are properties are used solely for business purposes. Examples of commercial real estate include malls, office parks, restaurants, gas stations, convenience stores and office towers. Commercial real estate is one of the three primary types of real estate.

## 1.3. Types of Commercial Real Estate Properties

Commercial real estate properties can be broken down into several different categories. At a high level, when people think of different types of commercial real estate, they typically think about shopping centers, office buildings, or warehouses. However, the commercial real estate industry is much more precise when it comes to defining property types. Below is a list of different types of commercial real estate with a description of how each category is typically defined.

- a. **Industrial:** for industrial use, such as distribution, manufacturing or warehouse facilities.
- b. **Office:** primarily used for office space. The square footage reported refers to the rentable area. Office properties are classified based on their location as either central business center or Suburban.
- c. **Apartment:** multi-family rental property. Apartment properties are classified as either garden complexes or middle/high projects, which are defined as four stories or greater.
- d. **Retail:** Classifies retail properties as either strip centers or mall centers.
- e. **Hotel:** an establishment that provides lodging and sometimes meals, entertainment and various personal services for the public.
- f. **Development Site:** land or an existing structure to be demolished for the purpose of new construction to the highest and best use of property. Usually, the property has been zoned for a specific kind of development or has a clear development plan and project cost.

## 1.3.Commercial Real Estate Life Cycle.

The commercial real estate lifecycle is basically similar to the real estate lifecycle with some of its specificities. In this regard, it is possible to distinguish all stages of the commercial real estate life cycle at the company, including development, landlord representation, tenant advisory and site selection, market

research, construction, and property management (Weingast, 1991).



The commercial real estate life cycle includes the six key stages, which are equally important for the successful real estate management. The development stage includes the elaboration of the project, design of the commercial real estate and related infrastructure and transportation system (Wengast, 1991). The development implies the technical preparation of the construction of the real estate, planning the commercial use of the real estate, shaping the vision and mission of the real estate, the identification of the target customer group and other issues that affect the development of the commercial real estate.

The next stage according to Weingast (1991) includes the landlord representation. At this stage, the commercial real estate is represented and promoted to attract the attention of potential customers. The representation may include diverse methods and strategies used by the landlord to reach the target customer group. The representation is very important because it determines, to a significant extent, the overall success of the project throughout the life cycle of the commercial real estate.

Furthermore, Weingast (1991) insists that the tenant advisory and site selection includes the identification of the site suitable for the construction. The site selection is a very important process because it helps to determine the environment, where the commercial real estate will be constructed as well as specificities of the construction. However, before the construction, the owner of the commercial real estate has to conduct the market research to determine whether the commercial real estate will be profitable and have good business prospects or not. After the

market research the construction may start, while upon the construction the property management begins to develop and maintain the commercial real estate.

#### **1.4.Aims and Objectives.**

After 2008 and the unusual economic recession, the real estate industry has received the bigger blow and it's still ailed until today. The economic recession has reduced the value of real estate properties and especially of commercials due to their relationship with the real economy.

This dissertation aims to study and address the most important factors which landlords of commercial real estate properties can use in order to achieve higher returns from their assets.

The objectives of this thesis are to study how an effective asset management can increase the value of real estate commercial properties studying different matters such as:

- Determine commercial leasing strategies and types of lease.
- Study Rent Controls regulations of Commercial Properties.
- Evaluate commercial rent reviews.
- Identify marketing strategies of commercial properties.
- Define adding Value points by outsourcing services.
- In what manner, leasing impacts valuations.

Studying the above statements this theme, will provide the landlords of commercial real estate properties in Paphos to address a variety of tangible and intangible techniques in order to increase the value of their properties.

#### **1.5.Area of Research**

The study will concentrate its research to the western Cyprus and more specific to Paphos town in order to examine its own conclusions of how commercial real estate properties in Paphos can increase their values using efficient real estate asset management.



## **2. Literature Review.**

The purpose of literature reviews is to study articles, books and other various sources from existing studies, to enrich the topic of this dissertation and define how asset management strategies can be implement in order to increase the values of commercial properties. The literature review will address crucial points associated with the commercial real estate management such as commercial leasing strategies and types of lease, rent controls, rent reviews, marketing strategies and services of commercial real estate properties, adding value by outsourcing services and finally define how leasing impacts the commercial real estate values and valuations.

### **2.1.Commercial leasing strategies and types of lease.**

Commercial leasing strategies used in Europe and Cyprus are diverse and buyers of the commercial real estate may use various leasing strategies. Kuperberg and Beitz (1983) believe that the development of the commercial leasing strategies depends on purposes of leasing and further use of the commercial real estate by buyers. At this point, it is worth mentioning the fact that the commercial real estate may perform different functions, which have different business potential. Hence, buyers should determine which goal they have to achieve in the course of using the real estate property. On the other hand, leasing strategy also depends on interests and goals of owners of the real estate property. This is why commercial leasing strategies may involve different strategies, which meet goals of both owners of the commercial real estate and buyers, who can take advantage of the real estate in the course of the leasing. Commercial real estate strategies serve to meet interests of the key stakeholders, and the strategy emerges on the ground of those interests.

At this point, it is possible to refer to Wonnell (1986), who distinguished several types of commercial real estate strategies that revealed the essence of

relationships between the key stakeholders involved in the leasing process of the real estate property. One of the strategies used for commercial real estate leasing involves the higher responsibility of tenants for the real estate and its maintenance, while the owner of the building just takes profits from offering the lease to tenants. In fact, this strategy is effective, when tenants are capable to maintain and develop the commercial real estate on their own. For example, they should come prepared to invest into the building maintenance and keep it attractive for customers. In such a way, tenants take the larger responsibility for the building but the lease agreement turns out to be cheaper to them because they have to spend their money on the maintenance of the building and other expenses, which otherwise the owner of the building would either share or cover on his/her own. This leasing strategy is attractive for owners, because they do not need to spend their money on the maintenance of the real estate property and related costs. On the other hand, the owner of the building may suffer from the steady deterioration of the attractiveness of the commercial real estate, if tenants fail to maintain the building at the target level. For example, inappropriate funding and other issues may cause the steady deterioration of the commercial real estate that will affect its market value and attractiveness for new tenants. But, as a rule, the lease agreement provides precise conditions the building has to be maintained in and other issues to ensure that tenants can maintain the building in a good condition.

Bruinsma and Huls (1995) suggest another strategy used in the lease of the commercial real estate is the strategy, when tenants and owners of the building share their responsibilities and obligations for the commercial real estate. In such a case, owners and tenants agree to share their responsibilities and spend basically equal costs on the maintenance of the building and related expenses. In such a way, they bear similar responsibilities that may be beneficial for both tenants and owners of the commercial real estate property. The costs of such leasing are higher for tenants but they have to cover fewer costs related to the maintenance of the building. At the same time, the owner of the building receives higher revenues from tenants although the owner has to cover more costs of the maintenance of the building.

Parisi (1988) points out that also tenants may bear minimal responsibility for the maintenance of the building in the course of the lease period, while the owner covers either all or large part of expenses spent on the maintenance of the building and related issues. This strategy helps the owner of the building to gain maximum revenues from the lease but, at the same time, the owner covers a larger part of the maintenance costs. As a result, owners take care of their real estate and develop it in terms with their vision of their commercial real estate. Tenants also benefit from such strategy because they have to cover the leasing costs mainly, but they have to come up with changes and developments offered by the owner of the building.

### **2.1.1. The Gross Lease**

The gross lease is the type of commercial lease where the landlord pays for the building's property taxes, insurance and maintenance (Parisi, 1998). In such a way, the owner of the building covers virtually all or the major part of expenses related to the maintenance of the building, its insurance and taxes. Tenants do not share those costs, as a rule, but they have to pay a relatively high price for such type of the lease, which is compensated by the refusal from their involvement in coverage of the maintenance and related costs. Such gross lease therefore implies the distribution of responsibility of the building maintenance to the real estate property owner rather than tenants. The gross lease is particularly popular among owners of the commercial real estate property, who want to develop their business on the ground of their vision or when they lease the building provisionally with the further prospect of its selling. Alternatively, the gross lease may be used to attract tenants, who are not willing to participate in the maintenance of the building and who just need the facility, where to locate their store or other business, regardless of the building itself. Often such tenants focus on short-run lease agreements because they do not participate in the maintenance and development of the building.

At the same time, it is worth mentioning the fact that a gross lease can be modified in a number of ways to best meet the needs of a particular building's tenants (for example, a gross lease may or may not require the tenant to pay utility bills) (Weingast, 1993). In such a way, the owner of the commercial real estate can modify the leading agreement to attract tenants and to make conditions of leasing more attractive to them. In this regard, the use of the gross lease is particularly useful for new commercial real estate projects, when owners of the building need to attract tenants fast. They can offer tenants attractive conditions of the lease just to make them to come to the agreement so that the commercial real estate have started to bring some revenues to the owner of the property. In contrast, owners of the commercial real estate property that has attractive location, branding and positioning can set stricter requirements for tenants and use either gross lease or other forms of lease.

Parisi (1998a) argues that, the flexibility of the gross lease makes it attractive for the application in the commercial real estate industry. At any rate, the owner of the property and tenants can negotiate specific conditions of the lease to meet needs of each other and to make the lease agreement plausible for both parties. The development of the better conditions of the lease may be very individual because the owner may negotiate with every particular tenant conditions of the agreement. However, as a rule, owners use standard agreements with all tenants to put them on the equal ground and to create fair conditions for all of them. In addition, such transparency attracts new tenants, who want to take facilities in a new commercial real estate.

### 2.1.2. The triple net lease

The triple net lease is a lease agreement that designates the lessee (the tenant) as being solely responsible for all of the costs relating to the asset being leased in addition to the rent fee applied under the lease (Kuperberg & Beitz, 1983). In such a way, this type of the lease agreement lays all the burden of the maintenance, insurance, and property tax burden on the tenant. In such a situation, the owner of the building does not participate in the coverage of those expenses, but, as a rule, owners, who choose the triple net lease, have to set the lower price for leasing the property because tenants will cover other expenses related to the maintenance of the commercial real estate and other issues.

The structure of this type of lease requires the lessee to pay for net real estate taxes on the leased asset, net building insurance and net common area maintenance (Alexander, 1991). These expenses may be high depending on the size and location of the commercial real estate. This is why often owners want to relay the burden of these expenses on lessees. At the same time, one of the major reasons why owners of the commercial real estate prefer the triple net lease agreement is the fact that this agreement is probably the most accurate in terms of the maintenance cost coverage by tenants. The lessee has to pay the net amount of three types of costs, which how this term got its name, including maintenance, property tax, and insurance (Voigt, 1997). Tenants pay as much as they have to cover these expenses and the owner of the building does not need to invest any extra funds in the maintenance of the building. For example, often owners of the building suffer from the steady deterioration of the commercial real estate because tenants under-fund maintenance costs and their impact on the building is greater than their coverage of the maintenance. As a result, the owner has to invest extra funds into the maintenance of the building. In case of the triple net lease, the owner should not care about the maintenance cost because tenants cover those costs to the full extent. Tenants in their turn has to cover as much maintenance costs as the building needs because they are interested in the maintenance of the building in a good condition to keep their facilities attractive to their customers.

Furthermore, Williamson (1985) the triple net lease may impose substantial financial pressure on tenants and owners of a new commercial real estate do not use the triple net lease agreement, as a rule, because such lease agreements implies substantial obligations related to tenants. At the same time, owners of the commercial real estate, which is attractive for tenants, has good reputation and branding, can choose the triple net lease to minimize their involvement in the maintenance costs as well as insurance and property tax coverage. This option is also good, when the owner of the commercial real estate is launching to implement the exit strategy and prepares the property for sale. In such a way, the commercial real estate reaches the high level of autonomy from the owner, since the key expenses

are covered by tenants of the building. Tenants may also benefit from the triple net lease agreement, if they want to develop their facilities to implement their vision of their business environment. For example, they can modify their facilities or introduce innovations, such as fuel efficient technologies to save their costs spent on the maintenance, electricity or water supply, or other issues. Nevertheless, tenants are not always ready to sign such lease agreements because of possible high expenses, which they have to cover.

### **2.1.3. The modified net lease.**

According to Williamson (1986) the modified net lease is a compromise between the gross lease and the triple net. Unlike the gross lease agreement, the modified net lease agreement admits the participation of tenants in the coverage of the maintenance expenses along with the owner as well as the partial or full coverage of utilities. In contrast to the triple net lease agreement, tenants do not cover the full expense of the maintenance costs. Instead, the owner of the commercial real estate and tenant usually set up a split of maintenance expenses, while the tenant agrees to pay taxes and insurance (Windisch, 1984). Utilities would likely also be negotiated in the modified net lease (Parisi, 1998a). In such a way, the modified net lease agreement is a true compromise between the gross and triple net lease agreement.

The blend of elements of both the triple net agreement and the gross lease agreement make the modified net lease very flexible and convenient to use in diverse situations (Williamson 1996). In such a way, the development of the modified net lease is supposed to match interests of different tenants as well as interests of owners of the commercial real estate. The commercial real estate requires the development of effective leasing strategies, which meet interests of both tenants and owners of the real estate property. Hence, the development of the modified net lease agreement opens new prospects for the negotiation and agreement between tenants and owners of the commercial real estate. Advantages of the modified net lease are obvious because they have an opportunity to negotiate conditions of the lease agreement. First, parties can come to agreement that matches their interests to the full extent. For example, if tenants are not willing to cover the maintenance costs of the facilities, they can rely it on the owner of the building in a part, while the owner can oblige tenants to cover utilities, partially maintenance costs, insurance and property tax. In fact, tenants can choose the most suitable coverage of the maintenance costs, and provide the coverage of insurance and property tax. Furubotn and Pejovich (1974) point out that owners of the commercial real estate also negotiate conditions of the coverage of the maintenance cost to ease the financial pressure on their funds, which they may invest into the development of their commercial real estate. Second, the flexibility of the modified net lease agreement provides owners of the commercial real estate with

opportunities to expand their target customer group. They will help to develop adequate contracts which attract tenants that have different needs and interests. For example, tenants operating in different segments and industries may find their facilities in the commercial real estate, if they manage to negotiate the attractive conditions of the lease agreement with the owner. At the same time, the owner can select diverse tenants to sign the lease agreement with.

## **2.2.Rent Control in Commercial Properties.**

Regulations on rent control at commercial real estate properties affect consistently the development of the commercial real estate industry because companies operating in the industry need to have clear rules and transparent government policies and regulations that minimize the risk of the violation of fair competition principles. However, it is not always companies and individuals that decide how to use their asset management, but also the government may interfere into the asset management. In fact, government regulations may affect the asset management consistently. For example, the change of fiscal policies or enhancement or decrease of the rent control from the part of the government may encourage or discourage companies and individuals to invest into their assets and maintain them. Nevertheless, whatever government regulations are, commercial real estate landlords have to primarily take into consideration their needs and their business strategies to conduct the adequate assessment of their assets and to manage them effectively to meet their specific goals in a long-run perspective as well as in a short-run one.

Regulations determine the development of the commercial real estate industry because they can either stimulate or discourage the growth of the commercial real estate industry. For example, the rise of taxes naturally leads to the decline of business activities, while in case of the commercial real estate industry, the construction of commercial real estate decreases. On the contrary, the decrease of property taxes stimulates the growth of commercial real estate construction and development, while credit taxes can accelerate the growth of the commercial real estate industry even more. Therefore, the government regulations of rent control can influence the further development of the commercial real estate industry. At this point, it is possible to refer to the case of Europe and Cyprus, where the commercial real estate industry plays an important part in their economic development, while regulations of rent control influence the further development of the industry.

On analysing regulations of rent control at commercial real estate properties in Europe and Cyprus, it is worth mentioning the fact that Europe and Cyprus tend to the elaboration of the harmonized legislation concerning rent control at the commercial real estate industry. This trend is the result of the process of

globalization and growing socioeconomic cooperation between nations, including Cyprus and other nations of the EU. The EU introduces common regulations for all member states to eliminate differences and barriers that will stimulate the growth of the commercial real estate industry throughout the union. The homogeneous regulations will help the EU to stimulate the international economic partnership between all nations of the EU, including Cyprus, which has become a part of the EU and attempts to maintain their business relations in the commercial real estate industry.

In this regard, it is worth mentioning some key terms related to regulations and rent control. While defining rent control terms, it is important to take into consideration the fact that they are basically similar in the EU and Cyprus although some regulations may vary between the EU and Cyprus. First of all, one of the key terms is the price control, which is very important because it defines the competitiveness within the commercial real estate industry.

The difference in the price and the ability of companies to set the most attractive price is pivotal for their competitive position in the industry. The company that offers products or services at lower price can gain a competitive advantage because it attracts more customers, who prefer products and services at lower price, if their quality is comparable. In case of the commercial real estate property regulations in Europe and Cyprus, it is worth mentioning that governments in both the EU and Cyprus set the minimum price to avoid unfair competition in the industry. Such price control helps the EU and Cyprus to prevent companies, which possess the larger market share from setting excessively low prices to expand their market share even more because, in such a situation, rivals holding a smaller share of the market cannot set lower price since this will lead them to bankruptcy overall. Minimum prices in the EU and Cyprus prevent large companies from damping in the commercial real estate industry and contribute to the fair competition in the industry. In this regard, the EU and Cyprus conduct similar regulatory policies in the commercial real estate industry. Such policies have to enhance the competition, while the competition stimulates the further growth of the industry.

Furthermore, the government of the EU and Cyprus tends to establish standards, which are common to all companies operating in the commercial real estate industry. Standards imply the establishment of common norms, which all companies operating in the industry have to respect. For example, in case of the commercial real estate industry, standards introduced by the government of the EU and Cyprus involve safety norms, which ensure that owners of the commercial real estate property have to provide the basic emergence safety for inhabitants of the building. For example, they provide basic safety regulations which are obligatory to respect for all companies. Also the EU has employment standards which may differ

from country to country but still they provide basic social guarantees to employees and employment benefits, which employees working in the commercial real estate industry can count upon.

Also regulations introduced in the EU and Cyprus involves obligations of the owner of the commercial real estate property and tenants concerning the maintenance of the property. For example, if the property is not properly maintained, the risk of injuries of inhabitants or visitors of the building emerges. The EU and Cyprus have introduced obligations to maintain the commercial real estate property in the safe and high quality. Such maintenance allows the EU and Cyprus to maintain commercial real estate properties in good conditions attractive for investors and safe for employees and visitors.

To maintain the control over existing regulations the EU and Cyprus have introduced government agencies which conduct the oversight over commercial real estate properties. In fact, these government agencies monitor and control commercial real estate property to ensure that all of the existing requirements are met to the full extent. Such monitoring and control allows identifying companies which fail to meet norms and standards established in the EU and Cyprus. In case of violation of those norms and standards, companies operating in the commercial real estate industry can face the risk of financial penalties and other sanctions.

### **2.3.Commercial rent reviews.**

Rent reviews at commercial real estate properties in Europe and Cyprus reveal the current development of the commercial real estate industry in Europe and Cyprus (Williamson, 1998). The current analysis of rent prices at the commercial real estate industry of Europe and Cyprus, it is possible to trace the growth of the commercial real estate industry in the mid-2000s with a certain decline in 2007-2009. In the 2010s, the commercial real estate property of the EU has experienced a slight growth. Today, the trend to growth persists. In such a way, the EU commercial real estate industry manifests signs of recovery after the global financial crisis of 2008 and the steady growth. These trends are positive for the further development of the commercial real estate industry in Europe.

In this regard, the economy of Cyprus and its commercial real estate industry experiences similar trends. However, Parisi (1998a) insists that Cyprus' commercial real estate industry grows at the faster pace compared to the average EU commercial real estate industry. The development of the commercial real estate industry in Cyprus involves the development of effective policies that stimulate the growth of the construction of the commercial real estate industry.

At the moment, it is possible to distinguish several types of rent reviews that are applied to both the EU and Cyprus. As a rule, Cyprus followed the lead of the EU in the development of various types of rent reviews. One of the most popular types of rent review is the fixed increase rent review. The rent review can come in the form of a fixed increase. This is a figure (or number of review figures) agreed between the parties when negotiating Heads of Terms (Parisi, 1998b). With a fixed increase, both parties have the benefit of knowing when the increase will occur and how much it will be for. This allows both owners of the commercial real estate property and tenants to plan for increases in income and outgoings respectively (Albert, 1986). Many owners of the commercial real estate property, however, may prefer to have an open market or RPI rent review when there is a buoyant rental market (Furubotn & Pejovich, 1974).

Another type of rent review in the EU and Cyprus is the upwards only open market rent review. Upwards only open market rent reviews are probably the most common type of commercial rent review. In such a situation, the rent is reviewed based on what the commercial property would be let for on the open market (Stigler, 1975). If it would be let on the open market at a higher rental than is currently achieved by the owner of the commercial estate property, then the rent will increase to that figure (Bruinsma & Huls, 1995). Unfortunately for the tenant, if the rent is assessed as being lower than currently achieved, the rental will not go down – it will simply stay the same (Teijl & Holzhauer, 1991).

The contrary type of rent review is the upwards-downwards open market rent review. In times of economic downturn, owners of the commercial real estate property (in a bid to retain tenants) have been known to reduce rent but this is not a usual course of practice at any other time (Wagner, 1990). An upwards-downwards review allows for the rent to go up or down depending on current market conditions (Weingast, 1995). Even though they theoretically exist, upwards-downwards open market rent reviews are exceptionally rare in practice (Stigler, 1988). Nevertheless, the upwards-downwards open market rent review still occurs in the EU and Cyprus.

Furthermore, it is possible to distinguish RPI index rent review. The 'Retail Price Index' (RPI) measures the average change from month to month in the prices of goods and services purchased by most households in the UK (Williamson, 1996). An RPI rent is a rent that increases in line with the 'Retail Price Index'. As of March 2013, the UK recognises a new form of index known as the RPIJ (Webber & Wildavsky, 1986). Despite the update in indexation, rent review clauses continue to be measured by reference to the RPI. At the same time, this type of rent review is used not only in the UK but also in the EU and Cyprus and this type of rent review is applied to the commercial real estate property.

## **2.4. Marketing Strategies and Services of Commercial properties.**

Researchers (Bruinsma & Huls, 1995) argue that marketing strategies and services at commercial real estate properties in Europe and Cyprus are, to a significant extent similar, due to the economic proximity of the EU and Cyprus. At the same time, both the EU and Cyprus maintain principles of the open market economy that determines the use of similar marketing strategies in both the EU and Cyprus. Such similarity contributes to the development of cohesive policies of companies operating in the commercial real estate of the EU and Cyprus. Such strategy involves the development of new policies that stimulate the further development of the commercial real estate industry.

In actuality, Windisch (1984) believes that the marketing mix strategy leads to the development of effective policies oriented on the enhancement of the marketing policy of companies operating in the commercial real estate market that facilitates the development of effective policies. The marketing mix strategy involves several key steps, among which companies operating in the EU and Cyprus market follow. The marketing mix strategy involves four elements, such as product, pricing, promotion and positioning. To implement this strategy, the company should focus on the development of the accurate product with specific features that distinguish the product from other companies. The adequate positioning is therefore essential to differentiate the product from other rivals. At this point, it is worth mentioning the fact that the development of the promotion is another essential stage of the implementation of this marketing strategy because owners of the commercial real estate property should promote their property to reach the target customer group. The marketing mix strategy helps to enhance the marketing performance of the company. The effectiveness of the marketing mix strategy is high because the marketing mix involves the detailed forecasting and implementing the key marketing elements that help to develop, implement and market the new product successfully. In case of the commercial real estate industry, this industry is effective since owners of the commercial real estate property position their property and promote it to reach the target customer group. At the same time, they attempt to maintain their unique positioning in the market and set a reasonable price for tenants to pay.

Schreuders and Holzhauer (1993) suggest another marketing strategy used in the commercial real estate industry of the EU and Cyprus is the segmentation and fragmentation strategy. The segmentation and fragmentation industry involves the identification of the target segment and taking the right niche of the market. In such a way, owners of the commercial real estate in the EU and Cyprus can take their narrow niche in the market. The successful business development becomes possible due to the ability of owners of commercial real estate properties to determine accurately the segment, where the demand on the commercial real estate property is higher. Hence, if they can choose the right segment, they can develop their

business successfully, due to the steady growth and progress. The business expansion occurs naturally as the high demand meets the emerging supply. If companies operating in the industry can meet the growing demand first, they are likely to take the lead in their segment of the market. At this point, it is worth mentioning the fact that often owners of the commercial real estate property face difficulties with the successful business development because of the poor segmentation. For example, often companies face difficulties in the commercial real estate industry because of the wrong segmentation, when the segment, where the new owner enters the commercial real estate industry, is wrong. As a result, the target segment of the market turns out to be saturated and the new entrant just cannot take the niche successfully because barriers to entry are high and rivals, which have been operating in the market, are in a consistently stronger position.

The product life cycle strategy is also very important and relevant for the contemporary commercial real estate industry. The implementation of the life cycle strategy in the commercial real estate industry implies the identification of the key stages of the lifecycle. In case of the commercial real estate industry, the life cycle of the product involves the following stages: development, landlord representation, tenant advisory and site selection, market research, construction, and property management (Williamson, 1985). The implementation of each stage of the life cycle leads the commercial real estate property to the next level of development.

At the same time, some researchers (Bruinsma & Huls, 1995) reveal the fact that owners of the commercial real estate property tend to develop the exit strategy at the stage of the product development. The development of the exit strategy helps owners of the commercial real estate property in the EU and Cyprus to determine the right time to exit their business either through selling their business, or through decreasing their share in the ownership business, or any other exit strategy. The successful business development involves the close integration of all stages of the product life cycle. In case of the commercial real estate, the life cycle may be very long because the development and introduction of the commercial real estate property is quite a long process. For example, the design of a building may take several months, whereas the construction of the commercial real estate property may take several years, depending on the scope of the construction. Hence, the initial stages of the life cycle may take several years that is much longer compared to other products, such as electronics, which entire life cycle may be a couple of years. This is why owners of the commercial real estate property should come prepared to obtain returns on investment in a long-run perspective, while initial investments may be very high, especially, if the real estate property is located in a prestigious area with the high price of the land.

Furthermore, Weingast (1995) argues that the skimming and penetration strategy, which focuses on the detailed marketing analysis of the target market and identification of strengths and weaknesses of the new project of the construction of a commercial real estate property. The skimming and penetration strategy in the commercial real estate industry implies that the new company conducts the marketing research to prepare the fast and intensive breakthrough into the market. The breakthrough may be successful, if the company skims the market accurately. In such a way, the company can gain a strategic advantage over its rivals in the industry and become a successful entrant.

At the same time, Stigler (1988) believes that this strategy is applicable not only for new entrants but also for companies, which have already gained their share of the market. The development of effective marketing strategy for the company operating in the commercial real estate industry based on the skimming and penetration industry implies that the company identifies the new market to enter and develops the marketing plan to enter the identified segment or target market. Skimming allows the company to determine, where to construct a new commercial retail store. Skimming helps the company to monitor the target market and elaborate effective methods of the penetration of the new market. As a rule, companies that have already got the experience of operating in the commercial real estate market, tend to use the skimming and penetration strategy, when they enter a new market, for example, a foreign market, where the company has not operated so far.

The commercial real estate industry opens the way for diverse marketing strategies (Stigler, 1975). Companies operating in the industry should use the marketing strategy that meets their resources, corporate culture, needs, and interests the best. In such a way, they can make their marketing strategy successful. In other words, the marketing strategy should match objectives and background of the company. Otherwise, even the most prospective and effective marketing strategy will fail.

## **2.5.Adding Value by outsourcing.**

Parisi (1998b) reveals the fact that commercial real estate properties can add the marketing value on commercial real estate properties by outsourcing services. At this point, it is worth mentioning the fact that outsourcing has become one of the mainstream trends not only in the commercial real estate industry but also in other industries as well. The emergence of outsourcing is the natural consequence of the process of globalisation and elimination of barriers between countries. This is particularly obvious in Cyprus, where the proximity of the country to countries with low-cost labour force allows gaining a competitive advantage due to outsourcing

services from foreign companies at lower prices compared to domestic suppliers, European ones or from using domestic employees. The low cost of outsourcing makes some services cheaper compared to the use of the company's own resources or employing local professionals. For example, the owner of a commercial real estate property can outsource designing of a project of the commercial real estate property and find a company or professionals capable to carry out the project in developing countries, such as India, for instance. In such a way, the owner can receive a plausible project at the moderate costs. Hence, the costs of the project decrease, while the market value of the project grows because the profitability of the project increases due to the higher cost efficiency. In fact, companies using outsourcing can receive more services for the same price compared to funding their own development or production.

Parisi (1998a) argues that outsourcing is quite controversial in ethical terms, but economically, outsourcing is profitable and attractive for owners of the commercial real estate property. The low costs of outsourcing are the decisive factor that determines the choice of outsourcing services, instead of using available internal resources and developments. Outsourcing opens the access to wider human resources and companies that can supply required services.

The commercial real estate property can increase its marketing value due to outsourcing because outsourcing may lead to the reduction of costs of production that allows owners of the property to gain higher revenues and profits. Hence, the marketing value of the property grows too. In this regard, it is also possible to define outsourcing services in the commercial real estate industry as the way to cut costs and increase the cost efficiency of the property. Voigt (1997) points out that outsourcing may involve different services. For example, owners or tenants may outsource maintenance services that will decrease costs of maintenance. However, outsourcing raises the question of the quality of services delivered to the owner or tenants of the commercial real estate property. The successful business development involves the enhancement of the real estate property through outsourcing services that decrease costs of production.

Voigt (1997) also warns that outsourcing also raises the problem of the negative publicity, if suppliers of outsourced services violated existing legal or ethical norms. In fact, the negative publicity is often a case, when owners of the commercial real estate property from a developed country outsource some services from subcontractors from a developing country. For example, a problem may occur, when a subcontractor breaches employees' rights or uses the child labour to deliver outsourced services. As a result, the owner of the commercial real estate property may face a considerable problem of the deterioration of the public image, if the unethical behaviour of subcontractors of the owner of the commercial real estate

property. In such a situation, owners of the commercial real estate property should be very careful, while outsourcing services because they have to find reliable suppliers of those services that will not harm to their public image.

Nevertheless, Webber and Wildavsky (1986) argue that in case of the successful outsourcing of services, the market value of the commercial real estate industry grows substantially. The owner of the commercial real estate property does not simply save costs. Instead, the owner receives higher revenues and profits from the project. At the same time, outsourcing may be long run. For example, outsourcing of maintenance services increases the market value the commercial real estate property in a long-run perspective. As a result, the commercial real estate property can bring higher revenues due to outsources, while higher revenues means the higher market value and attractiveness of the property to investors. Outsourcing increases the efficiency of services in terms of their costs mainly. However, outsourcing can also bring the efficiency of services in terms of their quality. For example, the owner of a commercial real estate property can outsource information security services. Such outsourcing can be more effective because the owner outsources services from the company that has extensive experience of development reliable information security systems and related products. Obviously, outsourcing such services is cheaper and more effective compared to the development of a new IT department to design and implement the new information security system. In such a way, outsourcing is advantageous and increases the market value of the commercial real estate property.

## **2.6. Leasing impact commercial properties valuation.**

At the same time, Wonnell (1986) argues that it is not only outsourcing services but also leasing that can increase the commercial real estate value. Leasing is a very efficient way to obtain return on investments fast. Even though leasing brings return on investments not as fast as sell of the commercial real estate property, but still returns on investments from leasing may be even higher compared to outsourcing. Therefore, leasing contributes to the growth of the market value of the property through the steady increase of the attractiveness of the property to investors, growing customer attention, and persisting progress of the commercial real estate property.

In fact, according to Furubotn and Pejovich (1974), leasing provides the owner of the commercial real estate property with the possibility to retain control over the property but to receive revenues for its use. At the same time, revenues from leasing are invested into the further development of the commercial real estate property that contributes to the growth of its commercial value. For example, the owner of the property can invest the revenue obtained from outsourcing into the

development of the property's infrastructure. The improvement of infrastructure leads to the improvement of properties of the commercial real estate property. The latter naturally increases the market value of the commercial real estate property. The owner of the commercial real estate property can introduce other changes that also contribute to the improvement of the property and the rise of its market value.

Windisch (1984) believes that the development of leasing can also make the functioning of the commercial real estate property more effective. For example, if the leasing agreement implies the coverage of the maintenance costs to the market value because the owner of the property has to spend less on the maintenance of the property. As a result, investors grow more interested in the new property and the market value of the property increases.

At the same time, Weingast (1993) argues that leasing can increase the market value of the commercial real estate property, only if the leasing strategy is chosen right. If the owner of the property chooses the wrong leasing strategy, for example, if the owner has just constructed the commercial real estate property and chooses the triple net lease agreement, then tenants may be unwilling to sign such agreement. Hence the owner may face the problem of the low demand on the commercial real estate property. Obviously, in such a situation, the owner of the real estate property cannot count on the growing market value of the property. On the contrary, the market value of the commercial real estate property is likely to decline.

Therefore, according to Weingast (1995) the market value can increase due to leasing as well as decrease. In this respect, the choice of the right leasing agreement turns out to be very important for the overall increase of the market value of the property. Owners of the commercial real estate property should have to develop leasing that will steadily accumulate the marketing value of the property. This is why the marketing strategy is essential for the business development and high market value of the commercial real estate property.

## **2.7. Literature Review Summary.**

At this chapter, this thesis has been concentrate to present articles and studies that had been published and are related with the topic. Commercial lease strategies, rent controls, rent reviews, marketing strategies, outsourcing and leasing impact on the value of the properties are the main topics that this research will study in depth in the following chapters in order to arise its own conclusions of how these asset management statements can help to increase the value of commercial real estate properties in South Cyprus.

### **3. Research Methodology Review.**

Taking all appropriate knowledge for the literature review about increasing value of real estate commercial properties this chapter will examine the methodology of the primary research which will enrich the above literature review. The aim of this chapter is to support and increase the possibility to success of this dissertation. In such, this chapter will examine the data collection methods which will use in order to gather the necessary information from the landlords of commercial real estate properties. It is important to identify the appropriate means for data collection in order to receive reliable and valid data which will lead the author to right conclusions.

#### **3.1.Primary Research.**

This thesis, will contact a primary research to collect data which will use them to support the literature review. The purpose of primary research is to allow this thesis gathering information and develop its own conclusions for the topic of this dissertation. At the following subchapters will present the research approach, the qualitative and quantitative approaches and the target audience that had been used.

#### **3.2.Secondary Research.**

In order to enhance the research conclusions and deliver more accurate results this thesis will use information and data of secondary researches in order to enhance and compare the results of the primary research. The purpose of secondary research is to give the ability to the readers to compare the original data from the primary research with the data of secondary research. That will give the prospects to the readers to develop a clearly idea for the topic.

#### **3.3.Research Approach**

The research approach is crucial for the for the analysis of the collected data. There are different research approach that bring into light different aspects and sides of the studying area.

Approached Methods:

- Logical theoretical research.
- Quantitative, experimental research.
- Qualitative, observational research.
- Experimental research.
- Exploratory research.
- Constructive research.
- Empirical research.

This study will contact both qualitative and quantitative method for the analysis and the presentation of the data, as it believes that it help to present more the findings of the study more clearly.

### **3.4. Quantitative approach.**

Quantitative approach use numbers and statistical methods. It tends to be based on numerical measurements of specific aspects of phenomena (Murray, 2003). The quantitative research use basics format in order to support or even not support the generating hypothesis. The quantitative method always present results with mathematical and statistical methods like charts and tables. Quantitative method can only present one question each time because of its nature, if it shows more than one variable will became difficult to read it and consequently hard to understand it.

The quantitative research has got advantages and disadvantages. The advantages of the quantitative research can identify as follow, is excellent way to present accuracy results which will proving the topic, when present the results is easy to understand and discussed it in less time. On the other hand the disadvantages of quantitative research are, it takes a lot of time to implement, must be careful organize in order to ensure that the groups which presented is correct. Moreover, it need mathematical and statistical skills which may the researcher don't have. Additionally, the results sometimes does not cover all requires of the topics as a result the producer need to redesign and retesting the research which means more time consuming.

### **3.5. Qualitative approach.**

The qualitative research is complete and detailed description using theory to develop and support the hypothesis. Qualitative research is intended to penetrate to the deeper significance that the subject of the research ascribes to the topic being researched. It involves an interpretive, naturalistic approach to its subject matter and gives priority to what the data contribute to important research questions or existing information (Higgins and Green, 2008). However the qualitative research often can be used as pre justification research to illustrate a hypothesis which later can analyst with quantitative research methods. Moreover, the qualitative method can reinforce and evaluate the results, moreover it use similar options research with quantitative research like questionnaires, interviews, surveys and observations.

The advantages of qualitative research method can illustrated as follow, it can study in depth a hypothesis which may has different aspects from different sides. Ensures that always some useful information can be arise from the research in contrast with quantitative research where an undemonstrated hypothesis is likely to growth, in the results. The disadvantages of qualitative research is, that the

researcher can spend a lot of time to planning in order to produce a realistic results. The qualitative method due to the theoretical nature which has cannot give precise results, just identify general trends. In this regard qualitative method shows the personal observations of the researcher and not results.

### **3.6. Select approach.**

By using both approaches will be able to combine aspects from both of them in order to achieve better and more understandable conclusions of the primary research. Finally, the report will benefit from both methods in order to clarify more reliable conclusions which will answer the objectives of the research.

### **3.4. Research Options.**

A justification of the data collection methods in order to gather the necessary information, require. It is important to identify the appropriate means for data collection in order to receive reliable and valid data and reach effective conclusions. Some of the most vital options to collect information are questionnaires, interviews, focus group and observations. For the purpose of this thesis will use questionnaires and interviews.

### **3.5. Questionnaires.**

The questionnaire is the medium of communication between the researcher and the subject (Brace, 2008). The quantitative data of this research was gathered through the process of questionnaires. The questionnaire considered any form of data collection where a person has to answer a set of questions. Even though questionnaires are the most widely used method of data collection, they are difficult to produce in order to get accurate and relevant data. Questionnaires are more likely to be used for descriptive or explanatory research. Additionally, the questionnaires contain an order of questions, with purpose to collect the necessary information for the research.

The advantages of questionnaire are that the potential responders have got the ability to answer cautiously and more clustered the questions, this has as a result to reach the goal with more certainly conclusions. The research can give a huge number of questionnaires at the same time, all the responders get the same questions without misinterpret which may appear in the process of interview. Finally one of the most greatest advantage of questionnaire is that the responder can keep the anonymity. On the other hand the disadvantages of the questionnaire are, sometimes the potential responders they cannot understand some kind of questions or the design of the overall structure of questionnaire, which may give undesired results, there is no motivation for the potential responders to respond, the quality of the collection data may not have high quality.

### **3.6.Interviews.**

The interviewing process is a purposeful discussion between two or more people and is conducted in order to receive reliable data relevant to the objectives of this research. There are many types of interviewing, the best known types are, the traditional face to face interview, the panel interviews, the telephone interviews, the group interview and the sequential interviews.

Each, from the above interview technics has got advantages and disadvantages. The advantages of interview are, the researcher can adjust a different way to question in order to be more understandable for the interviewee. The researcher can easily recognize any sign of stress and information about the character of the interviewee. Finally, incomplete answers can be queried again to get more clearly answer. On the other hand the disadvantages of interview can identify as follow, it need a lot of time analyzing the answers, they can be very costly, finally the interview works better to small groups of people.

### **3.7.Questionnaire Overview.**

This chapter will define clearly the target audience of the research, the types of questions which will use in order to collect high output after the completion, will describe in details the structure and the content of this questionnaire. Finally, will identify the software which will use in order to transform the questionnaires data to aggregate results.

#### **3.7.1. Questionnaire Development.**

The way in which the questionnaire is laid is very important to its success as an instrument of accurate data capture. If the layout is not clear to any of the various users of the questionnaire, the wrong responses may be recorded or the wrong question asked.

This thesis set clearly and small questions in order to gathering necessary data which will help to develop conclusions related to the objectives of study. There are several factors which had been taken into consideration such as, clear and efficient questions identify the target audience, time consideration, the structure and the content of questionnaire. Finally, another important factor is the method of administrate the questionnaire to the owners of the real estate commercial properties. Some possible methods with low cost that had been used are, post mail, telephone, web form and email.

#### **3.7.2. Questionnaire Target Audience.**

A target audience is quite like the bull's-eye; it is selected through segmentation, a process to divide a broad audience into homogeneous sub

audiences (Cheng et al, 2011). Filling the above reference, Douglas and Fred (2005) said "the target audience, study perspective and analytic method are among the key issues that are critical not only to the nature of the analysis, but to the interpretation and usefulness of the results as well". The target audience of this questionnaire will be Commercial Real Estate Companies and private Landlords of south Cyprus.

### **3.7.3. Questionnaire Content.**

The development of questionnaire content is very important, as a result takes a lot of time and concentration to build an effective content. In this regard, this thesis divide the questionnaire into two sections, the first section are background information for the participants and the second section includes questions which will help to define and examine conclusions of the methods that are using to increase the value of their commercial properties.

### **3.7.4. Questions Types.**

There are several types of questions which this research can implement in order to achieve valuable answers. Some of the most popular are calculated questions, descriptive, multiple choice, numerical, dichotomous questions, questions based on level of measurement and filter or contingency questions. However, the above types of questions can be named as technics to set questions. Generally the questions types are divided in two categories, close questions and open questions.

There are multiple important factors that have been considered during the design of questions. However the most substantial factor is the time which the potential participants need to answer the questionnaire. In the next two sub chapters which are follow, will analyze these questions types close and open. That will lead to examine conclusions, for the selected types in order to complete the questionnaire.

#### **3.7.4.1. Open Questions.**

Open questions are only occasionally used in questionnaires because they are more difficult to analyze and more troublesome to answer (Gillham, 2000). The characteristic of open questions is that usually need long answer in order to achieve the requested answer. In this regard, it is possible the potential participants to go off topic. The aim of open questions are to collect an overall answer for a specific topic. The advantages of this are that the responder can give important unexpectedly answers which the author missed out of the questionnaire. The respondents can explain in detail their answers and gives them ability to be more creative. On the other hand the disadvantages of open questions are the variety of different answers which is difficult to analyze in depth, the answer may not be useful for the purpose of the research. Finally the answer can be general, so will not respond to the researcher expectation.

#### **3.7.4.2. Close Questions.**

Closed questions involve small answers which usually is a single word. This happens because there is a predictable and usually small set of answers to a closed question that the respondent can give (Brace, 2008). Furthermore closed questions can be asked from the respondent to choose from a number of possible answers.

The advantages of close question are that the respondent is easy and quick to give answers, the answers is easy to transforms to statistic data and compared with other and there are limited answers which keep the respondent in the topic. However the limitations of closed questions are, can suggest possible answers where the respondent disagree, the respondent can answer with no the appropriate knowledge and finally the respondents can misinterpretation a question.

#### **3.7.5. Select Questions type.**

Taking on consideration the above statements for open and closed questions, this thesis will use close type questions in the questionnaire. Close type questions will help to collect more reliable data which will be easier to analyze them and discuss them.

#### **3.8. Research Methodology Summary.**

The research methodology is vital for the successful completion of the research, at this chapter the research has been define the research methods that will use to gathering data of how commercial real estate owners can increase the value of their assets using effective asset management strategies. Furthermore, the research outline the research approach and the research options that will contacted in order to collect data.

### **4. Data Analysis.**

This section analyzes the results of the primary research, using the quantitative and qualitative approach, in order to bring in light the methods of asset management that helps the commercial real estate owners of south Cyprus to increase the values of their assets. Furthermore, this thesis in order to attain more successful conclusions will compare the results of the primary research with secondary research in order to develop a high level outcome and results.

#### **4.1. Questionnaire analysis.**

As we mention before the target population of this research are commercial real estate holders that are located in south Cyprus. In this regard a sample of 150 real estate SME's in south Cyprus was taken. The number of commercial owners which responded in this research was 85. However Eight of them were received incomplete so where excluded from the research, as a result the final number of the questionnaire which will be analyzed in this section is 79. Consequently, the

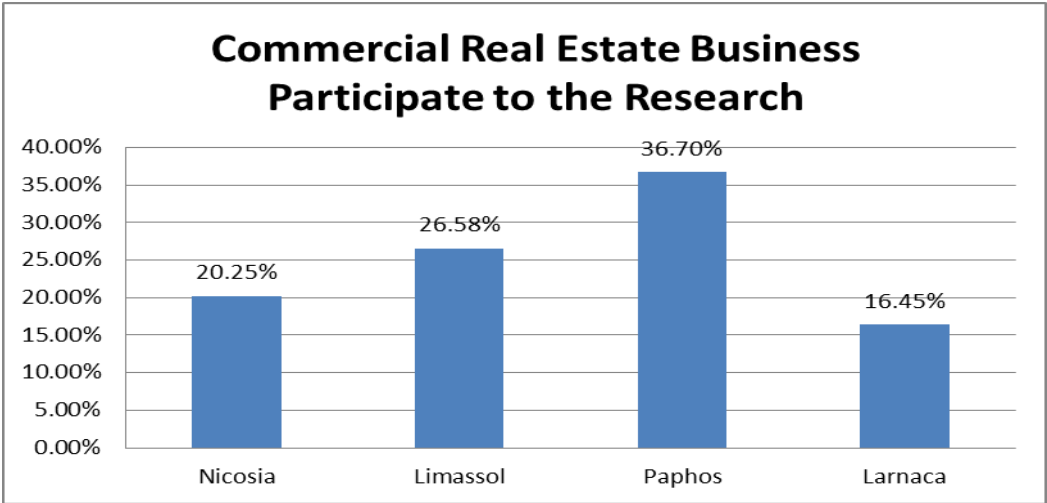
respondents of questionnaires are equal to 56.6%, the rest 43.4% of commercial real estate landlords did not responded.

**4.2. Analysis of Questionnaire: Background Questions.**

This section will address the background data that are collected from the research, such as location, type, and renovation age and rental income per sqm of the commercial real estate buildings. Finally this section has as aim to allow researched to analyze and present graphically the collected data in order to comes up with its own conclusions and recommendations for how commercial real estate owners can increase their values using effective asset management technics.

**4.3. Background Data of the Research.**

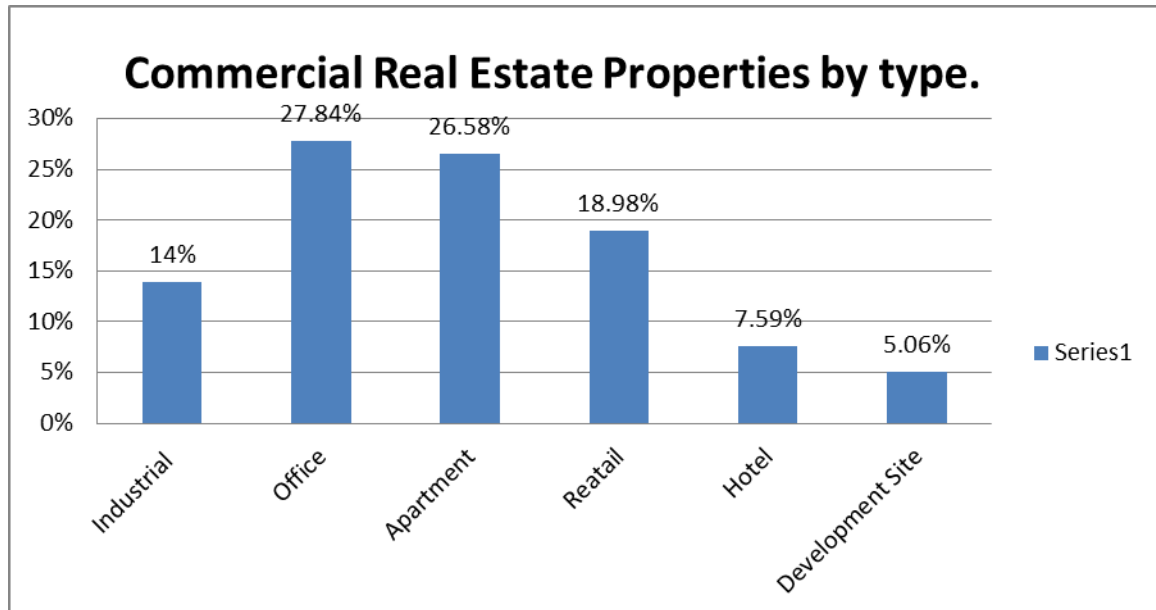
The following table presents the percentage of participants of each City of south Cyprus. The highest percentage of responders is from commercial real estate business from Paphos and the smaller percentage of Participants has been defined from Larnaca town. On the other hand Nicosia and Limassol are close to each other and are fluctuate between 20 and 26 percent accordingly.



**Figure 1: Commercial Real Estate Business participates to the research.**



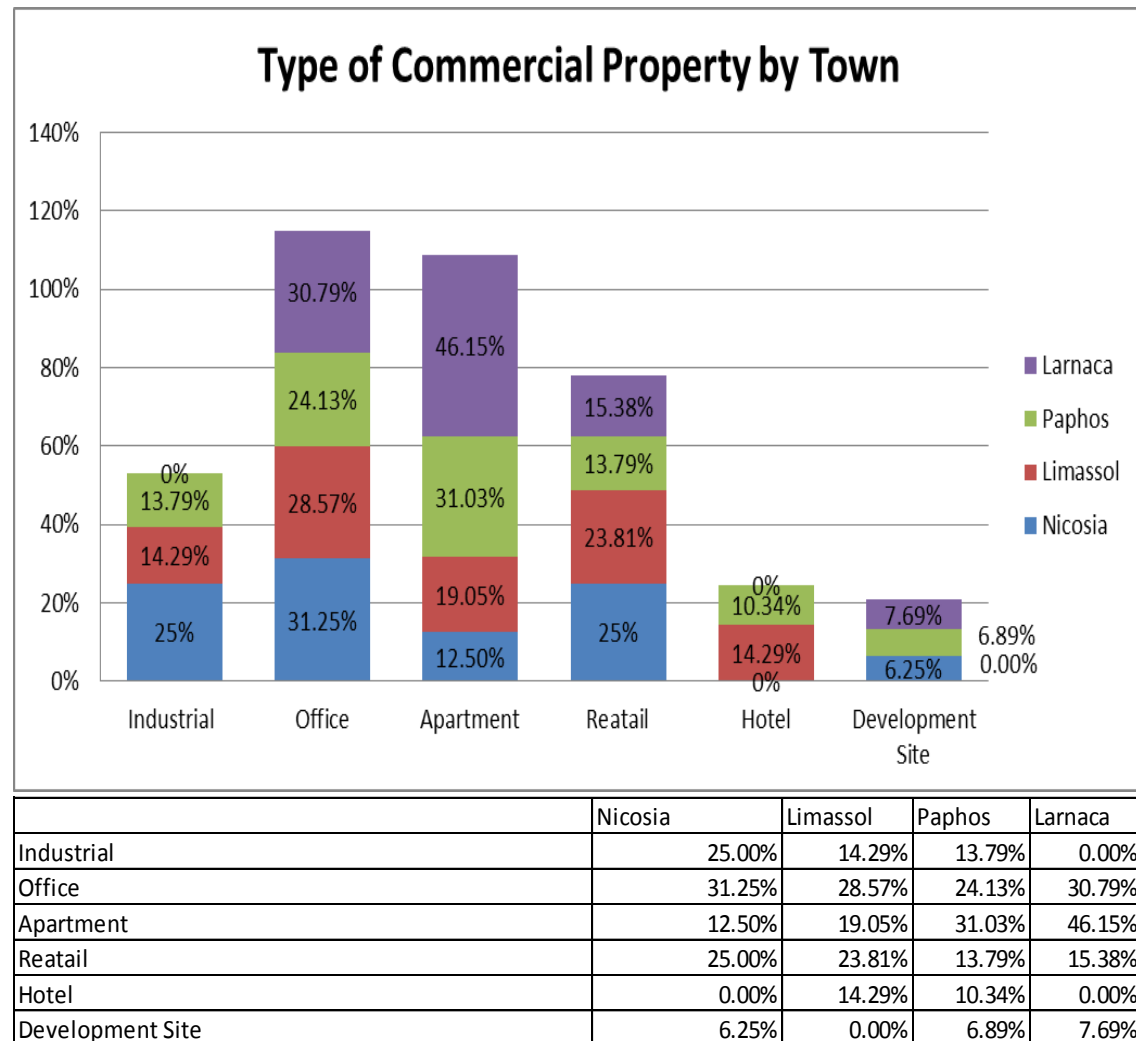
The next table classifies the percentage of commercial real estate properties that are participate to the research by type of use.



**Figure 2: Commercial Real Estate Property participation by type.**

As we can observe from the graph above office and apartments have got the highest share on the research with 27% and 26% accordingly. On the other hand hotels and development side properties they represent the research with less than 8% and finally industrial and retail properties gather a score between 14% and 18% accordingly. Furthermore, in order to enhance the data analysis of the research the following graph had been developed to provide a clearly idea for the percentage of each type of commercial real estate property by town.

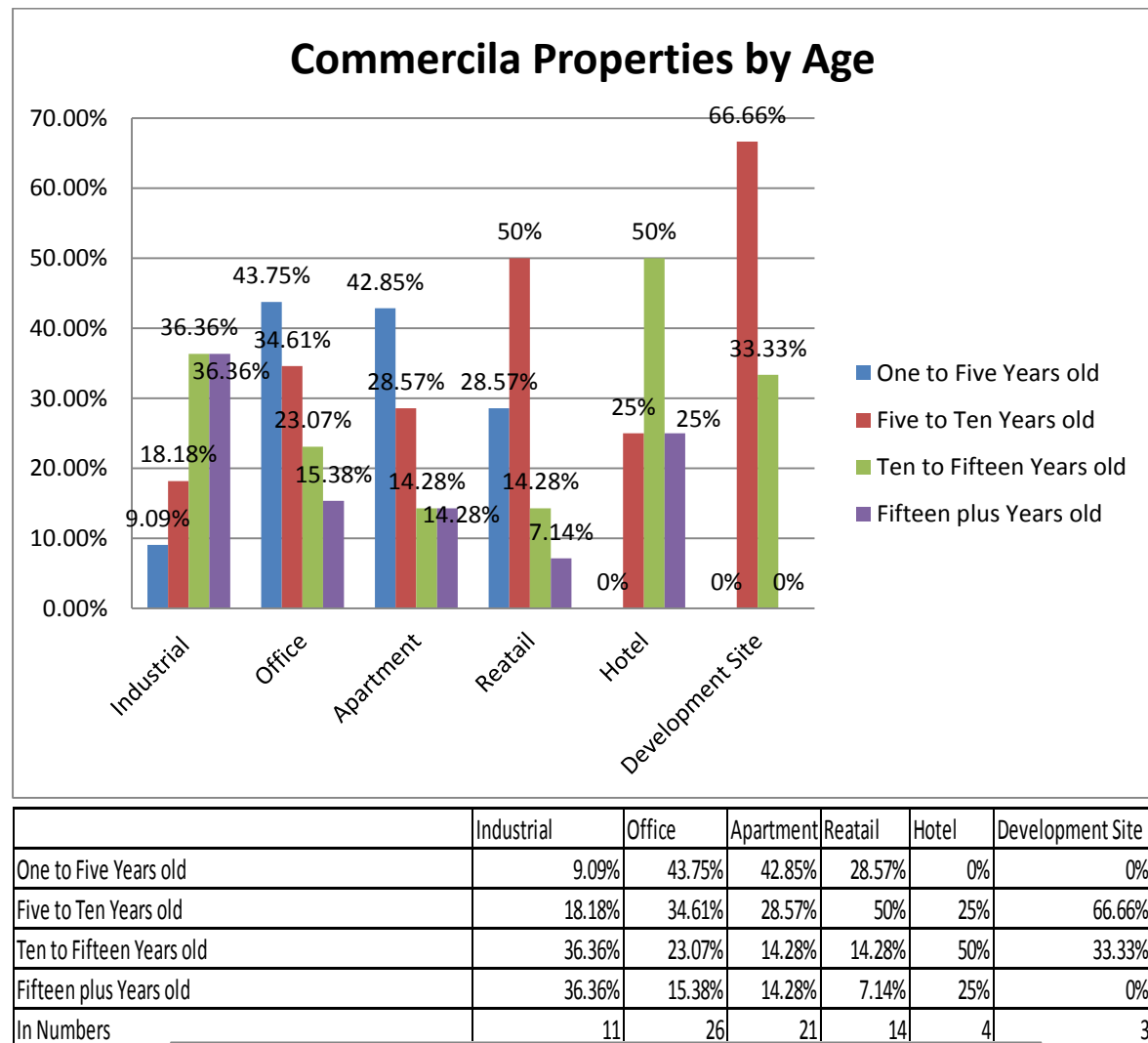
The next, chart defines the percentage of commercial real estate properties which are represent each city.



**Figure 3: Type of Commercial Property by Town.**

Industrial properties are represented with higher percentage in the city of Nicosia with 25%, Limassol industrial properties have 14.29% and Paphos 13.79% on the other hand the research failed to accumulate any representation of industrial properties in Larnaca. Office properties are represented with 31.25% and 28.57% from Nicosia and Limassol accordingly, 24.13% from the participants of Paphos city and 30.79% from the participants of Larnaca. The participants of retail properties are represented with 25% from Nicosia, 23.81% from Limassol, Larnaca and Paphos are follow with 15.38% and 13.79% accordingly. Therefore, Limassol and Paphos are the only cities that are represent the hotel industry with 14.29% and 10.34%. Development site properties are represented Nicosia, Larnaca and Paphos with small percentages among the participants.

The following graph defines the commercial real estate properties that are participate to the research by type and age. As we can observe from the data the below offices, apartments, retail and industrial properties they have the higher participation in the research, in contrast the hotels and development site business participation is limited.

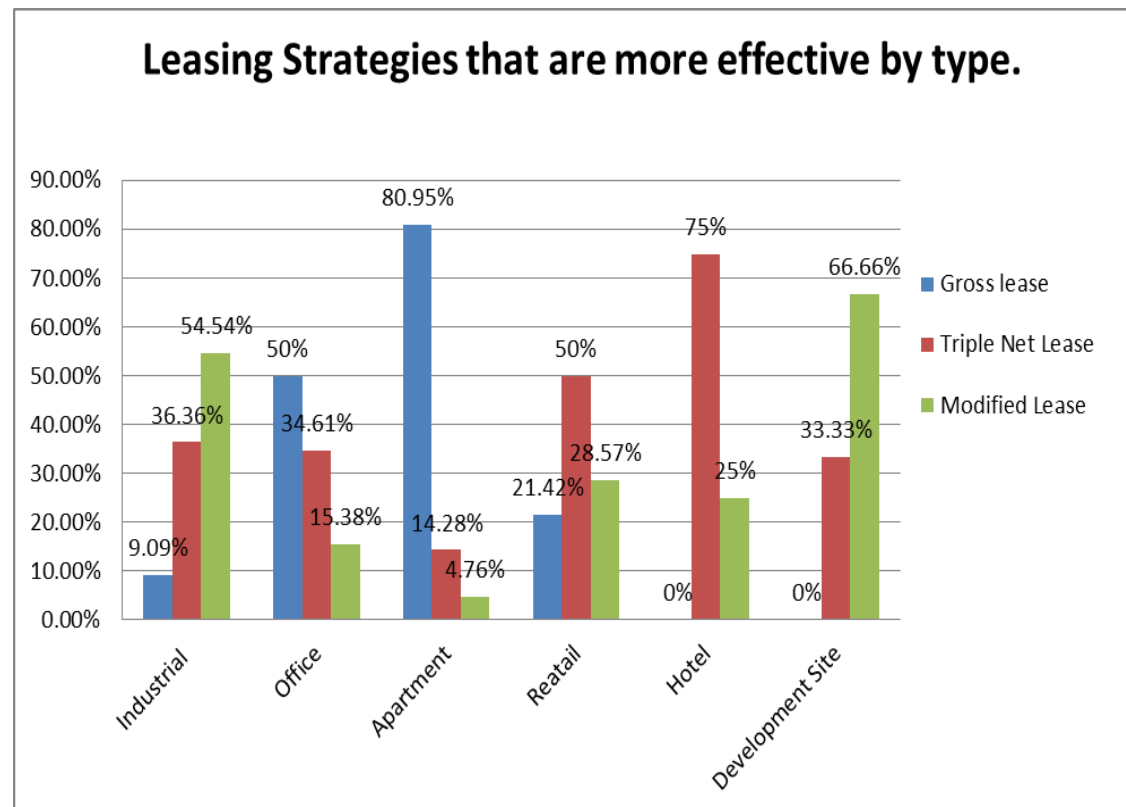


**Figure 4: Commercial Properties participate to the research by age.**

#### **4.4.Main Data Analysis.**

At this section the research analyse the data from the main body of questionnaire. The data has been analysed and transformed to quantitative numbers in order to bring in light critical results of how commercial properties can increase their value using effective asset management techniques.

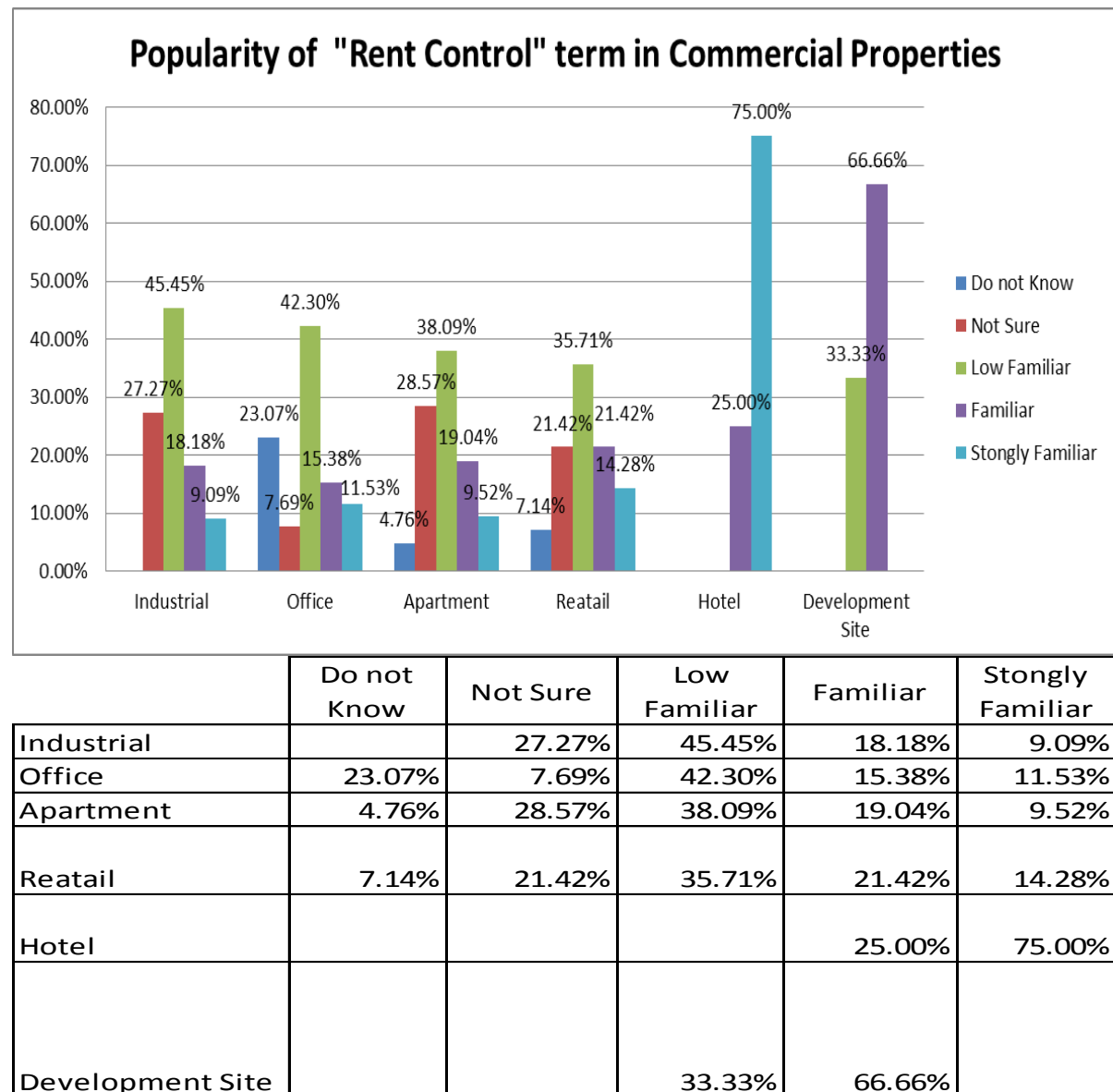
The following graph illustrate the more effective leasing strategies such as gross lease, triple net lease and modified lease for each commercial property type.



**Figure 5: Leasing Strategies that are preferred by type.**

The graph above demonstrates the preferred leasing strategies by each type of C.R.E.P at south Cyprus. As we can observe from the quantitative analysis different type of commercial properties they preferred different types of leasing strategies. The gross lease is more popular at the apartments and office, the triple net lease is currently funded at Hotels and Retail properties and finally modified lease is used at industrial and development site properties.

The following table presents the popularity of Rent Control term at the C.R.E.P types of south Cyprus.

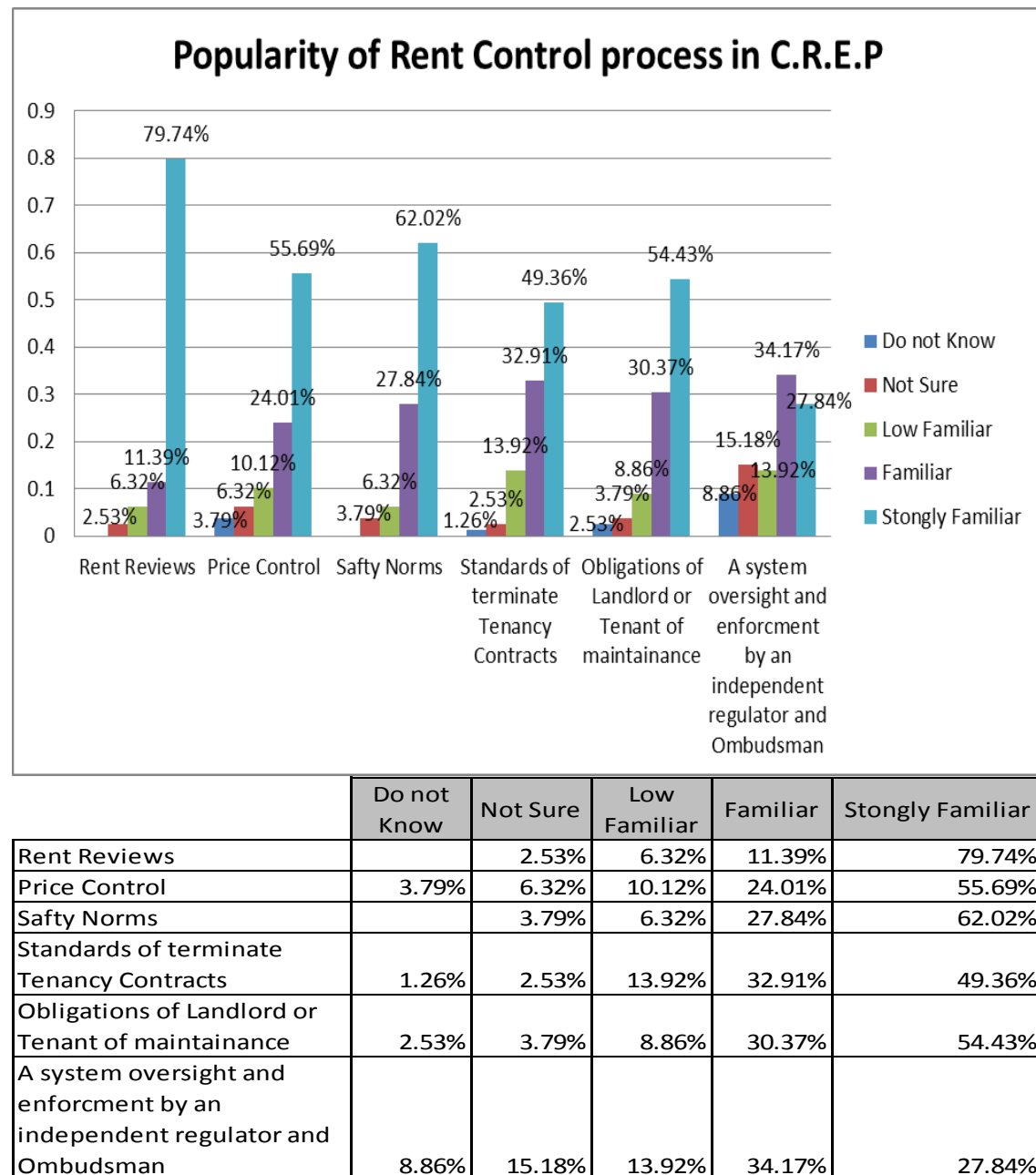


**Figure 6: Popularity of "Rent Control" term in commercial properties.**

According to the findings of the primary research, the term "Rent Control" is not very familiar among the commercial properties. Even when the owners of commercial real estate properties use rent control process they do not know it as a result they cannot get advantages of its benefits. As we can perceive from the graph above the Rent Control term accumulate very low percentages between all the different types of C.R.E.P that are strongly familiar or familiar with the term and the process of rent control. On the other hand the majority of the commercial real estate properties declare that are "low familiar" or they are "not sure" what rent control term is. Furthermore in Hotel and Development side properties it looks that the owners are completely familiar with Rent Control term, however the small bite

of participants, cannot gives us secure conclusions. Finally there is a small percent of office and apartments which are state that they “do not know” the meaning or any process of rent control term.

The graph below illustrates the popularity of rent control process in commercial real estate properties.

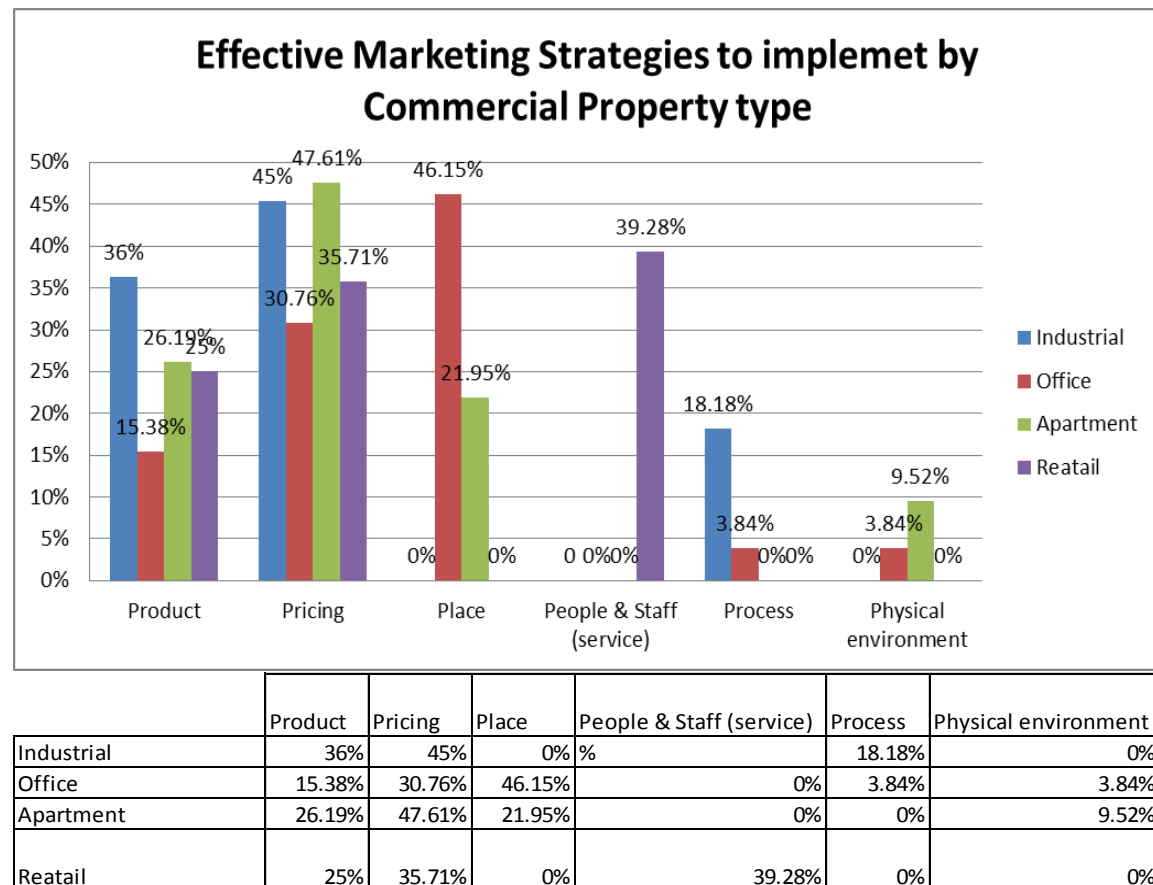


**Figure 7: Popularity of "Rent Control Proses in C.R.E.P**

In contrast with the results of figure 6, figure 7 shows that C.R.E.P are familiar with rent control process. As we can observe from the chart above, the popularity of rent control processes that had been examined in most of the cases is more or close to 50% , with the only contradiction in the last process which has been accumulate a percentage of 27.84% as “Strongly Familiar” and 34.17% as “Familiar”. Moreover

“Rent Reviews”, “Price Control” and “Safety Norm” are the most popular rent control process and C.R.E.P declares that are “Strongly Familiar”. Finally, the opinion of participants is divided in the rent control process “standards of terminate tenancy contract”.

Effective marketing strategies are vital for the future sustainability of each commercial real estate asset. The following diagram defines the resultants of which different C.R.E.P are prefer to promote their self’s.



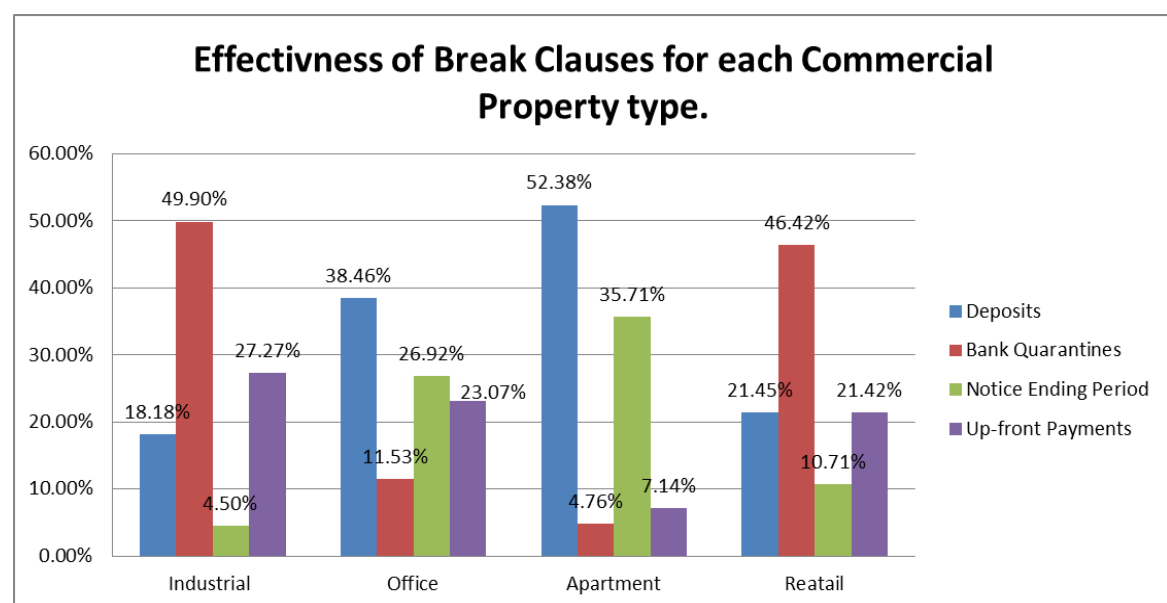
**Figure 8: Effective Marketing Strategies to implement by Commercial Property type.**

According to the primary research, different commercial real estate assets they prefer to advertise their self’s in different approaches. At this section the research had been studied only four out of six commercial properties as for the Hotel Industry and Development site the participants were limited. The research used the 6P’s of marketing mix in order to address different marketing habits between the commercial real estate properties. As we can observe from the data analysis of the questionnaires “product” and “pricing” are the most popular marketing elements among C.R.E.P.

Industrial properties they prefer to promote their self’s by pricing, product and process. Offices more likely prefers to advertise their self’s by place, pricing, product and finally depends of the services that they provide by process and physical

environmental aspects. Apartments they prefer to advertise their self's by price, product, place and finally by physical environment features. Finally retail properties have a preference to advertise their self's by people & staff services, pricing and product.

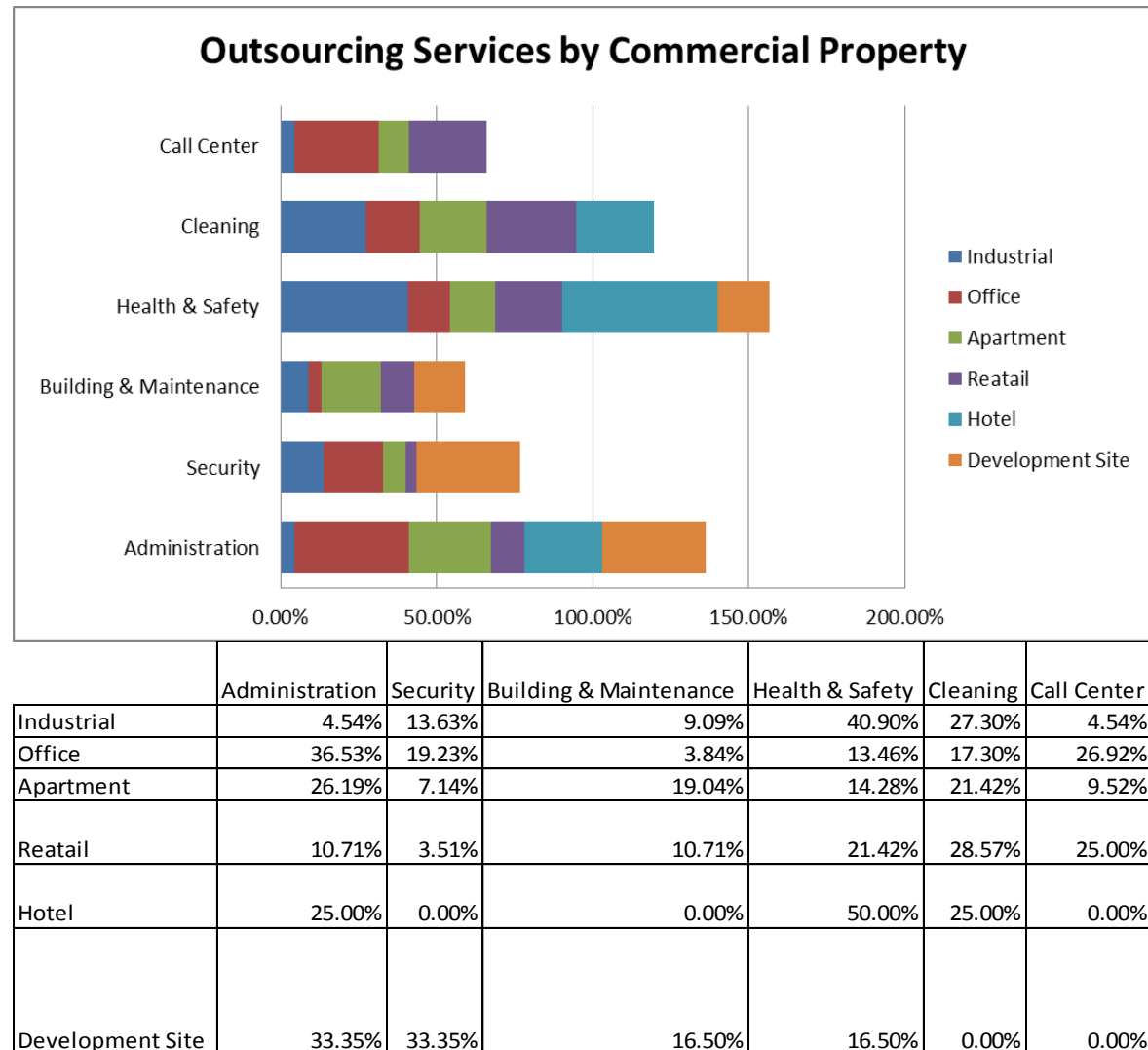
In the today challenging economic environment break tenants are looking to renegotiate or change their lease terms, in this regard break options is quite important. By definition break clauses is a provision in the tenancy agreement which enables the two parties tenant and lessor to end the leasing agreement. The following chart address the most popular break clauses lease terms in the commercial properties.



**Figure 9: Effectiveness of Break Clauses for each Commercial Property.**

Analysing the results of the primary research we can observe that different real estate commercial properties they choose different break clauses terms. The diagram above shows that industrial and retail properties they have similarities when they choose break clauses terms at the same manner office and apartments it looks to choose parallel break clauses terms. Hotel and development site properties are excluded from the chart due to limited data.

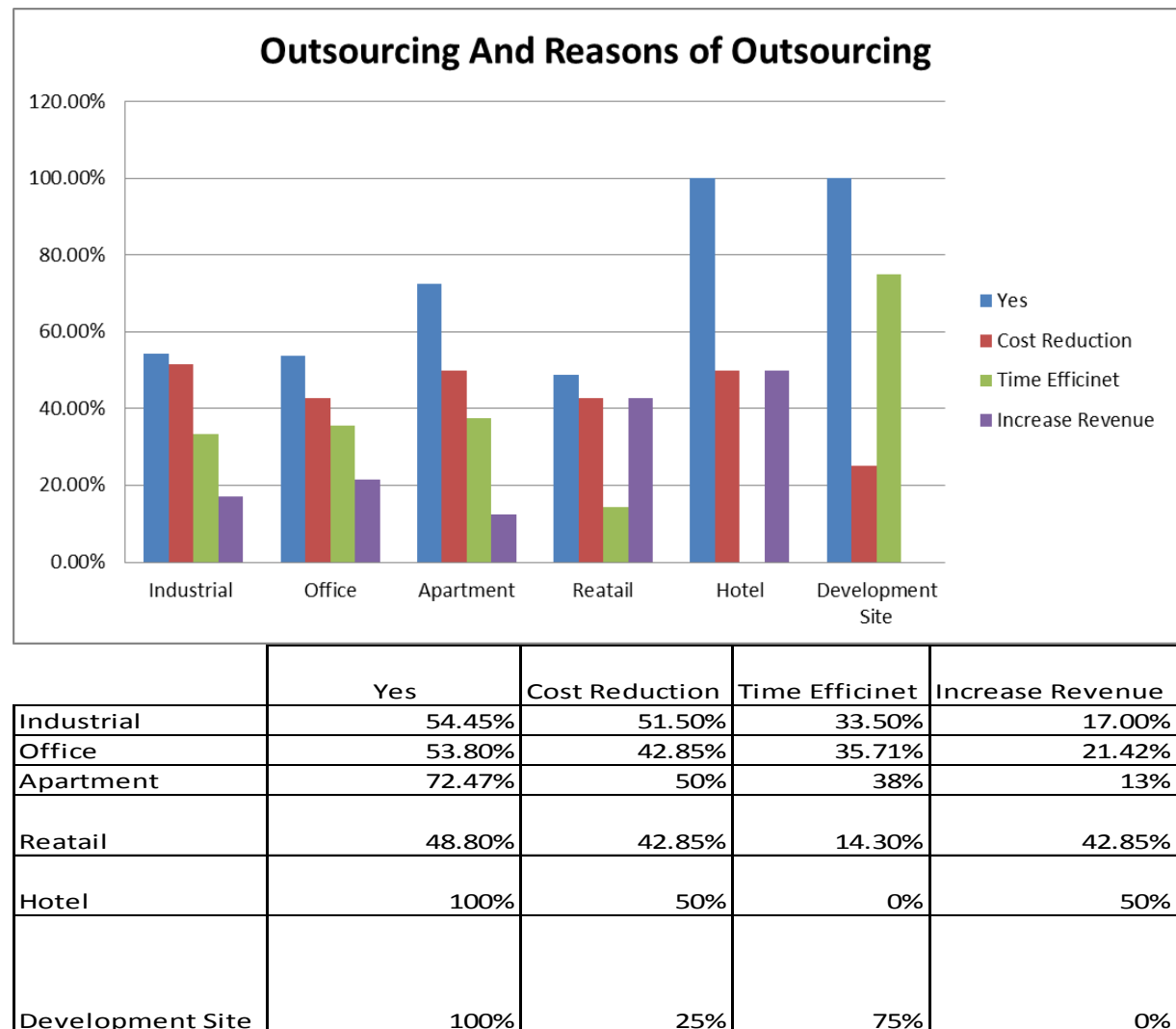
The next bar chart outlines the outsourcing services for each commercial property type. According to the chart, commercial real estate properties presenting differences in the way outsourcing services based on their needs.



**Figure 10: Outsourcing Services by Commercial Property.**

Industrial properties is more likely to outsource health & safety and cleaning and security services, offices they prefer to outsource call centre and administration services, apartments is more favourable to outsourcing building & maintenance, administration and cleaning services. Retail properties are more likely to outsourcing call center, cleaning and health & safety services. Hotels prefer to outsource administration, security, building and maintenance and health and safety services. Finally development site properties usually outsourcing security and administration services.

The next graph presents graphically the percentage of C.R.E.P of each type who outsourcing services and the reasons of outsourcing.



**Figure 11: Outsourcing And Reasons To Outsourcing.**

According to the primary research only the 54.45% of the industrial properties outsourcing services and the most important reason of outsourcing is cost reduction with 51.50% , time efficient with 33.50% and finally increase revenue with 17.00%. At the same manner offices, apartments and retail use to outsourcing services 53.80% and 72.47% and 48.80% accordingly. Finally, hotel and development site properties it looks that they outsourcing services more often, however due to the limited participants from those two industries the research cannot accomplish sufficient conclusions.

At the same manner Outsourcing World Summit (2004), comes up with the followings, only 3% of companies outsource to achieve innovation. An equal percentage outsources to conserve capital for other investments or to improve product quality. About 4% believe outsourcing will increase revenues. About 9%

outsource to obtain skills they can't find or can't afford. Some 12% of firms outsource to obtain the benefits of a variable cost structure. Another 17% say outsourcing helps them improve their organization's focus. And fully 49%, or almost half, say cost reduction is the primary benefit.

## **5. Discussion of findings.**

The intention of this chapter is to discuss the findings of *chapter four* with further details in order to examine sufficient conclusions for the topic under study. Moreover, this chapter will develop a theoretical approach based the results of questionnaire in order to meet the objectives of this theme. Furthermore, from the literature review and the questionnaire results we can comprehend that commercial real estate properties of South Cyprus can use a variety of asset management techniques in order to increase their values and make their self's more effective and attractive.

Commercial properties must determine the most suitable leasing types that suits more to their property and will help them to improve the value of their property. As we had outline in the literature review commercial real estate properties can get advantage from gross, triple and modified lease in order to increase their values depend from their property type. The analysis of the data showed that commercial properties they preferred different types of leasing strategies which are more effective for their property. The gross lease is more popular at the apartments and office properties, the triple net lease is currently funded at Hotels and Retail properties. On the other hand, modified lease is used at industrial and development site properties.

Rent Control regulations can be internal or external both of can impact positively or either negatively the values of commercial real estate properties Internal regulations can be set from the landlord of the property and usually refers to rent reviews, safety norms, standards of terminate tenancy contracts, break clauses, obligations of landlord and tenant etc. On the other hand external rent controls frequently refers to new government regulations, property taxes, business taxes, government price control regulations and etc. It is worth to mention, that the primary research shows that the majority of commercial real estate landlords are not very familiar with rent control term, regulations and process. In this regard, C.R.E. landlords may not be able to achieve the higher profit from their assets, as a result their assets are depreciate.

In addition, rent reviews is quite popular in commercial real estate properties, however only few companies can achieve benefits using rent reviews regulations. The economic recession of last seven years had significantly negative impacts on the commercial real estate prices. As a result, landlords were forced to

drop rent prices 30% up to 50% from 2012 to 2015 according to KPMG real estate market report. Consequently, the use of rent reviews was limited the last years, nevertheless, rent reviews regulations are vital for a successful financial sustainability of commercial real estate properties and helps the maximum to increase the value of commercial real estate properties.

Essential marketing strategies are vital for the upsurge of commercial real estate property values. Asset management use a variety of marketing strategies techniques and tools in order to increase the value of commercial real estate assets. Altered types of commercial real estate properties use different marketing tools in order to promote their self's more efficient and effective. The six P's method of marketing mix can address more effectively those different and determine the greatest methods of marketing each different commercial real estate asset.

According to Corbett (2004), 90% of companies say that outsourcing is important part of their outsourcing strategy. Commercial real estate properties must find strategic advantages based on outsourcing alliances which will give them competitive advantage, maximize productivity, minimize costs and increase their revenues, as a result the market values of commercial properties will increase. At the same time outsourcing will give them an advantage to concentrate and focus more to their products or services. In addition, a beneficial leasing agreement can also increase the market value of the commercial properties. A right leasing agreement can makes commercial properties more attractive to investors, will increase the R.O.I and finally will improve infrastructure and quality of the asset and minimize running expenses such as maintenance costs.

## **6. Limitations of Research.**

The previous chapters of this study they had given as a briefly idea of what; how; and when; we can use asset management technics in order to increase the value of commercial properties. Furthermore, the study addresses many crucial facts of asset management and the approach that commercial real estate landlords can use them in order to develop competitive advantage among their competitors.

However the primary research of the study was fail to bring in light sufficient conclusions for the following three areas of research:

- a) Hotel and Development site commercial properties, as the responders of questionnaires that are representing both properties were limited. As a result the study fails to define in what manner asset management technics can help Hotel and Development site properties to increase their values. A further study of the above area is recommended in the future in order to study in depth asset

management factors and methods that can have positive or negative impact in values of those properties.

b) Moreover the study fails to make precise conclusions regarding the correlation of rent values and market values of the commercial real estate properties that were under study, as the landlords they did not respond exactly what is the rent values of their assets. It is suggested, to do a further study using published indexes such as RICS, or KPMG property report or Central Bank of Cyprus property index, in order to define the link between rent values and market values.

c) Finally, the research fail to determine the more productive life cycle stage of commercial real estate properties, as the questionnaire responders was not clear about rent values of their assts. In a consistency, it is suggested to use published indexes.

## **7. Recommendations.**

It has been stated from the research that commercial real estate properties can increase their market or rent values using effective asset management technics. The study has proven that a core relationship of commercial real estate properties and asset management can have a significant positive impact at the commercial real estate properties values.

However, as has been arise from the private research, commercial real estate landlords of south Cyprus have to improve their asset management methodology and knowledge in order to achieve higher values for their assets. There are a variety of measures and actions that can undertake in order to do so.

Points of success:

- a) Make sure that your asset use, is the most profitable.
- b) Renegotiate rent values and set yearly reviews.
- c) Make sure you use the most suitable leasing type.
- d) Make sure that running expenses charged the tenant.
- e) Underline the competitive advantage of your asset and promote them.
- f) Outsource services and minimize overheads.
- g) Improve your tenancy contract using bank guarantors, fix deposits, upfront payments, effective break clauses and insurances.
- h) Improve the maintenance and services of your building.
- i) Stand up to the tax, make sure you pay a representative price for your asset.

Implementing, the above asset management measures and process commercial real estate Landlords will be able to achieve the highest return from their properties at long term and short term based.

Finally this study is suggest to develop a commercial real estate federation focusing on profit maximization through different asset management approaches and by arming it's members with accurate, up to date analysis of the commercial properties market.

## **8. Conclusion and Final Remarks.**

To conclude, during the last decades asset management has been became a significant powerful tool in the hands of commercial real estate landlords by providing successful managing technics which helps to increase profitability and asset values accordingly. At nowadays, asset management companies began to serve as third party to ensure expertise to institutional investors. As a result, asset management has been assigned certain responsibilities and techniques to meet the needs of different commercial real estate properties. According to altered researchers, “asset management is an emerging field in real estate” (Fitch, 2009). The term *asset management* can be defined as a coordinated activity of management of the investments provided by a client. Asset management can be views as the art and science of performing of correct actions aimed at optimizing the delivery of value (Peca, 2009). In other words, asset management is a systematic process that is focused on ensuring profitability, effective maintenance, upgrading and operation of assets. Asset managers participate in various activities, including property acquisition and routine management operations (Fisher, 2005).

Asset management is involved in deal sourcing and deal screening to meet he needs of the client. Asset managers participate in the investment process, ensuring monitoring of markets, assesses competitive projects, and the needs of tenants (McMahan, 2005). According to researchers, asset management must have a good understanding of the various “trends and issues in the market, in which the investment manager operates” (McMahan, 2005, p. 131). They should be aware of changing market opportunities, economic factors, demographic factors, and various market activities related to financial performance.

Nevertheless, in order to prove the major role of asset management, it is necessary to consider the importance of asset management process aimed at achieving higher profit for commercial properties. This process fosters the implementation of property asset management strategy that helps to provide a more effective operation of property assets. The success of commercial real estate business depends on the implementation of certain beneficial asset management techniques that have been study in this thesis in order to ensure long-term asset

performance and achieve client's or investor's objectives (McMahan, 2005). The primary functions of asset management which have vital impact on commercial real estate properties values can be address as leasing strategies, rent control process, rent reviews and break clauses, marketing strategies and outsourcing strategies. Furthermore, there are secondary functions which are also importance for increasing value of commercial real estate properties such as "tenant relationships, business planning and budgeting, supervision of property management services, property and portfolio level financing reporting, project management, risk management, leasing oversight, financing and refinancing, hold/sell analyses, assistance with investor relations, and portfolio rebalancing recommendations" (McMahan, 2005, p. 131). New asset management strategies allow investors not only invest in real estate, but also hedge various real estate risks, and rebalance portfolios through different property types. (Fisher, 2005).

Thus, it is necessary to conclude that asset management is crucial to managing commercial real estate properties. Asset management helps to achieve greater return on assets. The effective asset management reflects the need for meeting the established standards to manager real estate investments in a proper way, especially in today's complex and competitive business environment.

## 9. References.

1. Albert, Hans (1986), "Law as an Instrument of Rational Choice", in Daintith, Terence and Teubner, Gunther (eds), *Contract and Organisation: Legal Analysis in the Law*, Berlin, Walter de Gruyter, 25-51.
2. Alexander, Larry (ed.) (1991), *Contract Law. Volumes I and II*, Aldershot, Dartmouth.
3. Bruinsma, J.F. and Huls, N.J.H. (1995), "Law as the Fragile Coat of Varnish of a Booming Industry)", 70 *Nederlands Juristen Blad*, 1625-1631.
4. Douglas S. (2010). *Property Management*. New York, Routledge.
5. Fisher, J. D. (2005). "New Strategies for Commercial Real Estate Investment and Risk Management," *The Journal of Portfolio Management* 31 (5): 154-161.
6. Fitch, T. P. (2009). *Career Opportunities in Real Estate*. Infobase Publishing.
7. Furubotn, Eirik G. and Pejovich, Svetozar (eds) (1974), *The Economics of Property Rights*, Cambridge, MA, Ballinger.
8. Kuperberg, Mark and Beitz, Charles R. (eds) (1983), *Law, Economics and Philosophy - A Critical Introduction; with Applications to the Law of Torts*, Totowa, Rowman and Allenheld.
9. McMahan J. (2005). "Cases in Commercial Real Estate Investments". San Francisco, Real Estate LLC.
10. Michael F. Corbett (2004). "The outsourcing revolution" Dearborn.
11. Parisi, Francesco (1998a), *The Economic Structure of the Law (The Collected Papers of Richard A. Posner: Volume I)*, Cheltenham and Lyme, Edward Elgar.
12. Parisi, Francesco (1998b), *The Economics of Public Law (The Collected Papers of Richard A. Posner: Volume III)*, Cheltenham and Lyme, Edward Elgar. Parisi, Francesco and Posner Richard A. (1997), *International Library of Critical Writings in Europe, Volume II: Contracts, Torts and Criminal Law*, Cheltenham and Lyme, Edward Elgar.
13. Peca, S. P. (2009). *Real Estate Development and Investment: A Comprehensive Approach*. John Wiley & Sons.
14. Rubin, Paul H. (1983), *Business Firms and The Common Law*,.
15. Schreuders, Wicher and Holzhauser, Rudi W. (1993), *Teksten Rechtseconomie (Readings in Law and Economics)*, Arnhem, Gouda Quint.
16. Stigler, George J. (1975), *The Citizen and the State. Essays on Regulation*, Chicago, University of Chicago Press.
17. Stigler, George J. (ed.) (1988), *Chicago Studies in Political Economy*, Chicago, University of Chicago Press.
18. Teijl, Rob and Holzhauser, Rudi W. (eds) (1991), *Teksten Rechtseconomie (Readings in Law and Economics)*, Arnhem, Gouda Quint.
19. Voigt, Stefan (1997), 'Positive Constitutional Economics: A Survey', 90 *Public Choice*.

20. Wagner, Richard E. (1990), *To Promote The General Welfare - Market Processes vs. Political Transfers*, San Francisco, CA, Pacific Research Institute for Public Policy.
21. Webber, Carolyn and Wildavsky, Aaron (1986), *A History of Taxation and Expenditure in the Western World*, New York, Simon and Schuster.
22. Weingast, Barry R. (1993), 'Constitutions as Governance Structures: The Political Foundations of Secure Markets', 149 *Journal of Institutional and Theoretical Economics*, 286-311.
23. Weingast, Barry R. (1995), 'The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Development', 11 *Journal of Law, Economics, and Organization*, 1-31.
24. Williamson, Oliver E. (1985), *The Economic Institutions of Capitalism - Firms, Markets, Relational Contracting*, New York, The Free Press.
25. Williamson, Oliver E. (1986), *Economic Organization - Firms, Markets and Policy Control*, New York, New York University Press.
26. Williamson, Oliver E. (1996), *The Mechanisms of Governance*, Oxford, Oxford University Press.
27. Windisch, Rupert (1984), 'Political Disposition rights, Redistribution and Constitutional Budget Reform', in Neumann, Manfred (ed.), *Ansprüche, Eigentums- und Verfügungsrechte*, Berlin, Duncker and Humblot.
28. Wisconsin (1997), 'Special Issue on Law and Society and Law and Economics: Common Ground, Irreconcilable Differences, New Directions', 1997 *Wisconsin Law Review*, 375-627.
29. Wonnell, Christopher T. (1986), 'Contract Law and the Austrian School of Economics', 54 *Fordham Law Review*, 507-543.